



Petronet MHB Limited



26th
Annual Report
2023-24

VISION :

- To become a major state of the art technology Pipeline company for Transporting Petroleum Products in Karnataka State & beyond, maintaining highest standards of Quality in execution, operation & Maintenance of Pipe line system with optimum care & commitment for safety, health, environment, employee involvement & development.

MISSION :

- To achieve international standards of excellence in all respect of petroleum products transportation business through Pipeline system with focus on customer delight through delivery of quality products, services & cost reduction.
- To maximize creation of wealth, value and satisfaction to the stakeholders.
- To attain leadership in developing, adopting, absorbing state of the art new Technology for competitive advantage
- To provide technology, consultancy, training in the field of pipeline transportation system for petroleum products & Telecom system.
- To develop and provide a high technology optical fiber based telecommunication system network in Karnataka State and neighboring states.
- To cherish a culture of participation and bring in novelties for employee growth, development and contribution.

QUALITY POLICY

- To establish & maintain high standard of Quality systems in Pipeline construction, operation & Maintenance of Pipe line system to deliver Quality services and products to its customers to achieve customer satisfaction and delight.

INTEGRATED MANAGEMENT SYSTEM POLICY

Petronet MHB Ltd., commits to continual improvement and
Maintain operational excellence through,
Hazard, ill health, injury and Pollution prevention,
By employee involvement and complying with,
Legal and other requirements & Customer expectations.

Petronet MHB Limited

Board of Directors



Sri Anuj Kumar Jain
Chairman



Sri Subodh Batra
Director



Sri R. Ramesh
Director



Sri C Sridhar Goud
Director



Smt Pinky Rai
Director



Sri B Sudharshan
Director



Shri Neeraj Lal
Director

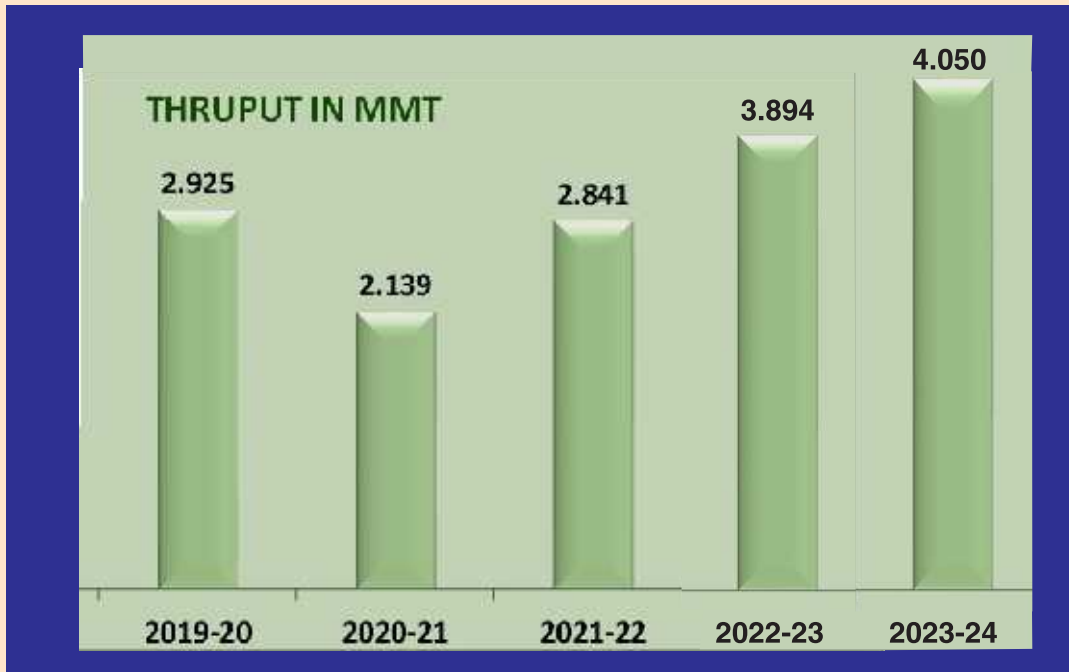


Sri Sudhir Kumar
Managing Director

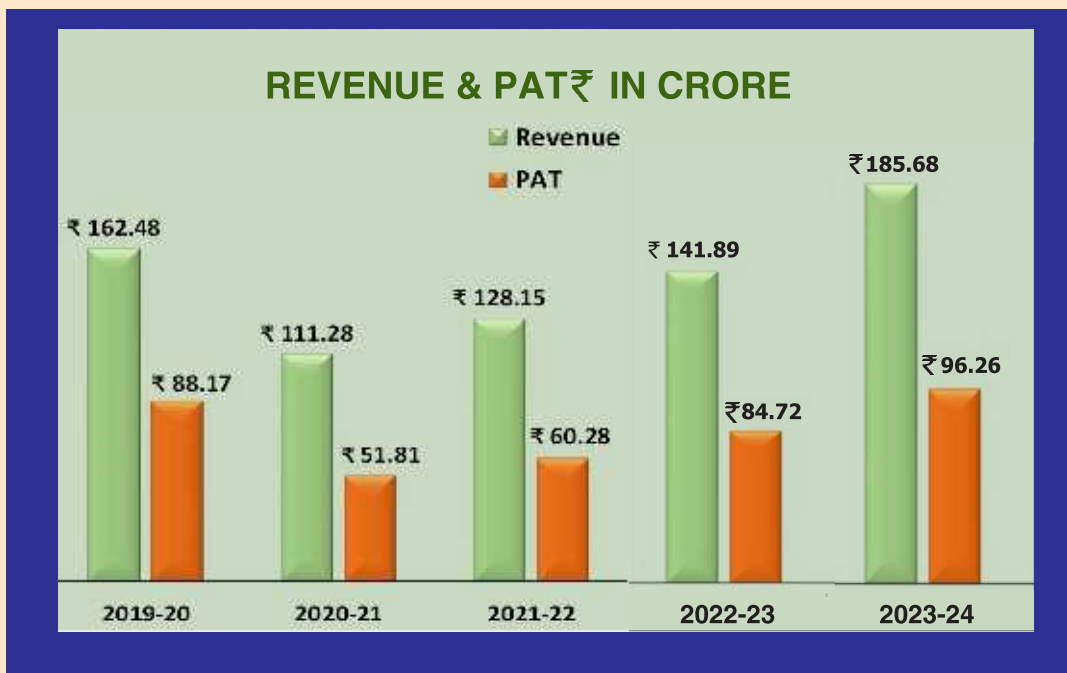
Petronet MHB Limited

PERFORMANCE SNAPSHOT

PERFORMANCE FOR PREVIOUS 5 YEARS



REVENUE & PAT IN CRORE



26th Annual Report 2023-24



Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052.

EPABX No. : 080 - 22262317, 43006225, 22262241, Fax : 91 - 080 - 22262242

Email : headoffice@petronetmhbl.com Website: www.petronetmhbl.com



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Offices, Auditors & Bankers

Registered Office :

Corporate Miller
2nd Floor, Block B, 332/1,
Thimmaiah Road, Vasanthnagar,
Bengaluru - 560 052
Website : www.petronetmhbl.com
CIN : U85110KA1998GOI024020

Stations :

Mangalore Dispatch Station

Near HPCL POL Terminal,
Bala Village, via Katipalla,
Mangalore - 575030.

Neriya Intermediate Pumping Station

Village Neriya, Taluk Belthangady,
Dakshina Kannada District - 574292.

Hassan Intermediate Pumping and Delivery Station

KIADB Industrial Growth Center,
Bommanaikanahalli Village,
Hassan - 573201.

Bangalore (Devanagonthi) Receiving Station

Near Devanagonthi Railway Station,
Village Tarabahalli, Hoskote Taluk,
Bengaluru - 560067.

Statutory Auditors : (2023-24)

A.R. Viswanathan & Co. (Chartered Accountants)

No. 156, 3rd Floor, Puttana Chetty Road
5th Main Road, Chamrajpet
Bengaluru - 560018.

Cost Auditors : (2023-24)

Murthy & Co. LLP (Cost Accountants)

No. 8, 1st Floor, 4th Main,
Chamrajpet, Bengaluru - 560018.

Secretarial Auditors : (2023-24)

Swayambhu Viswanthan

Practicing Company Secretary
Susheel Chandra Apartment,
Flat B, 17th 'A' Cross,
10th 'A' Main, Malleshwaram West,
Bangalore-560055

Bankers :

HDFC Bank Ltd.
State Bank of India &
Canara Bank

Registrar & Share Transfer Agent :

Integrated Registry Management
Services Private Limited

Depository

National Securities & Depositories Ltd

Key Managerial Personnel :

Sri Sudhir Kumar

Managing Director

Sri Chandan Kumar Das

Chief Financial Officer

Sri Sachin Jayaswal

Company Secretary



Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052

Website: www.petronetmhbl.com, e mail: sachinjayaswal@petronetmhbl.com, Tel: 080-22262317 Fax: 080-22262242

Notice of 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting (AGM) of the members of Petronet MHB Limited (PMHBL or Company) will be held on **Monday, 23rd September 2024 at 11.00 AM IST** through Video Conferencing (VC) / Other Audio-Visual Means (OAVM) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statement of the company for the financial year ended on March 31, 2024 together with the Report of the Board of Directors and Auditors' thereon and the comments of the Comptroller & Auditor General of India.
2. To appoint a director in place of Sri Subodh Batra (DIN: 09364934), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri Ramesh Ramasamy (DIN: 10304253), who retires by rotation and being eligible, offers himself for re-appointment.
4. To authorize the Board of Directors of the Company for fixing the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2024-25 and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 142 and other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company be & are hereby authorised to fix remuneration & other terms & conditions including reimbursement of out of pocket expenses in connection with Statutory Audit Work of the Statutory Auditor as appointed by the Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial Year 2024-25"

Special business

5. To appoint Sri Sudhir Kumar (DIN: 10644833) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions, if any, of the Companies Act 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modification or re-enactment thereof for the time being in force) and also the relevant provisions of the Articles of Association of the Company, Sri Sudhir Kumar (DIN: 10644833), who was appointed as Additional Director by the Board of Directors of the Company with effect from 01.06.2024 in terms of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2023-24 should have been held, whichever is earlier, and the Company having received a notice in writing under Section 160 of the Companies Act, 2013 from Sri Sudhir Kumar, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."



6. To appoint Sri Sudhir Kumar (DIN: 10644833) as Managing Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 196, 203 and all other provisions of the Companies Act 2013 and the Rules made thereunder, as applicable (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 94 of the Articles of Association of the company, approval of the shareholders of the Company be and is hereby accorded for the appointment of Sri Sudhir Kumar (DIN 10644833) as Managing Director of the company (Petronet MHB Limited) from 01.06.2024 till 31.05.2027, on terms and conditions including remuneration as given below”

a) Remuneration:

The remuneration of Sri Sudhir Kumar wef 01.06.2024 as Managing Director, Petronet MHB Limited, subject to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder and in keeping with the terms of deputation as advised by ONGC from time to time shall be as follows:

Particulars of Salary	Rs. in lakhs/Annum
<i>Basic Pay, DA, Stagnation increment, Special pay, protected pay etc</i>	50
<i>Retirals such as PF, Gratuity, NPS and other retiral components as per the rules of ONGC</i>	15
<i>House rent allowance, Deputation allowance, Cafeteria allowances, performance related pay and other perquisites, allowances, benefits, facilities, as per ONGC rules</i>	50
Total Gross Salary per annum (Rs. In Lakhs)	115

However, payment of remuneration to Sri Sudhir Kumar, Managing Director shall be based on debit notes received from ONGC and will be subject to overall annual ceiling of Rs. 115 Lakhs.”

“The major components of remuneration of Sri Sudhir Kumar, Managing Director shall include the followings:

- **Salary - His salary will consist of basic pay, variable DA, Stagnation increment, Special pay, protected pay, annual/other increments and other allowances as per rules of ONGC. It shall be revised from time to time according to his entitlement in the ONGC subject nevertheless to the various provisions of the Companies Act, 2013. He will be paid Deputation Allowance as per ONGC rules.**
- **In addition to above, Sri Sudhir Kumar, Managing Director will be entitled to the following, as per the rules of ONGC:**
 - **Medical Reimbursement/ facilities - For him and his family**
 - **White goods (furniture, electronics, household equipments etc.)**
 - **Personal Accident Insurance**
 - **Reimbursement of entertainment, residential telephone, mobile phone etc., traveling and all other expenses incurred for the business**
 - **Leave benefits.**
 - **For his official duties, he will be reimbursed expenses for operation and maintenance of his Vehicle.**
 - **Any other allowances/ perquisites/ payments/ loans/ reimbursements/ advances etc. as may be applicable as per ONGC Rules.”**



b) **General terms and conditions of appointment of Sri Sudhir Kumar as Managing Director, Petronet MHB Limited shall be as set out in the Explanatory Statement annexed to the Notice convening this meeting”**

7. To appoint Smt. Pinky Rai (DIN:10588498) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions, if any, of the Companies Act 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modification or re-enactment thereof for the time being in force) and also the relevant provisions of the Articles of Association of the Company Smt. Pinky Rai (DIN:10588498), who was appointed as Additional Director by the Board of Directors of the Company with effect from 12.04.2024 in terms of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2023-24 should have been held, whichever is earlier, and the Company having received a notice in writing under Section 160 of the Companies Act, 2013 from Smt. Pinky Rai, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. To appoint Sri Neeraj Lal (DIN:10597626) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions, if any, of the Companies Act 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modification or re-enactment thereof for the time being in force) and also the relevant provisions of the Articles of Association of the Company Sri Neeraj Lal (DIN:10597626), who was appointed as Additional Director by the Board of Directors of the Company with effect from 23.04.2024 in terms of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2023-24 should have been held, whichever is earlier, and the Company having received a notice in writing under Section 160 of the Companies Act, 2013 from Sri Neeraj Lal, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

9. To appoint Sri Goud C. Sridhar (DIN:08466543) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions, if any, of the Companies Act 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modification or re-enactment thereof for the time being in force) and also the relevant provisions of the Articles of Association of the Company Sri Goud C. Sridhar (DIN:08466543), who was appointed as Additional Director by the Board of Directors of the Company with effect from 01.06.2024 in terms of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2023-24 should have been held, whichever is earlier, and the Company having received a notice in writing under Section 160 of the Companies Act, 2013 from Sri Goud C. Sridhar, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”



10. To appoint Sri Basavarajappa Sudharshan (DIN: 10717061) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provisions, if any, of the Companies Act 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modification or re-enactment thereof for the time being in force) and also the relevant provisions of the Articles of Association of the Company Sri Basavarajappa Sudharshan (DIN: 10717061), who was appointed as Additional Director by the Board of Directors of the Company with effect from 26.07.2024 in terms of Section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2023-24 should have been held, whichever is earlier, and the Company having received a notice in writing under Section 160 of the Companies Act, 2013 from Sri Basavarajappa Sudharshan, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

11. To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2025 and, in this regard, to consider and if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and any further amendments thereto from time to time (including any statutory modifications(s) or re-enactment thereof, for the time being in force), the remuneration payable to M/s Murthy & Co. LLP, Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025, amounting to Rs. 50,000/- (Rs. Fifty thousand only) plus applicable taxes plus reimbursement of out-of-pocket expenses incurred for the Audit at actuals, be and is hereby ratified and approved.”

By order of the Board of Directors
For Petronet MHB Limited

(Sachin Jayaswal)
Company Secretary
Membership no. ACS 18835

Regd. Office : Corporate Miller, 2nd Floor, Block B,
332/1, Thimmaiah Road, Vasanth Nagar,
Bengaluru, 560052

Date : 28.08.2024

**NOTES:**

1. Ministry of Corporate Affairs (“MCA”) vide its General Circulars Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, and subsequent circulars issued in this regard, the latest being 9/2023 dated September 25, 2023, (‘MCA Circulars’) has permitted the holding of the annual general meeting through Video Conferencing (“VC”) or through Other Audio-Visual Means (“OAVM”), without the physical presence of the Members at a common venue. Hence, in compliance with the circular, the AGM of the Company is being held through VC
2. The deemed venue for the AGM shall be the Registered Office of the Company at Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052.
3. As per provisions of clause 3.B.IV of the General Circular no. 20/2020 dated May 5, 2020, the matter of special business as appearing at item nos. 5 to 11 of the accompanying notice are concerned unavoidable by the Board and hence forming part of this notice.
4. A statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed hereto. Additional information, pursuant to Secretarial Standard - 2 on General Meetings, issued by The Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting (‘Meeting’ or ‘AGM’) is furnished as Annexure to this Notice.
5. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. However, since the AGM is being held in accordance with the MCA Circulars through VC, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy form and Attendance slip are not annexed herewith.
6. Since the AGM will be held through VC in accordance with the MCA Circulars, the route map of the venue of the meeting is not annexed hereto.
7. Members attending the AGM through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 (“the Act”).
8. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send authorization letter to the Company.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, Members seeking to inspect such documents can send an email to sachinjayaswal@petronetmhbl.com. stating their DP ID, Client ID/ Folio No.
10. Members are requested to address all correspondence to the Company Secretary, Petronet MHB Limited, Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru, 560052 and email id sachinjayaswal@petronetmhbl.com.
11. Members who need technical assistance before or during the AGM, can contact allan@petronetmhbl.com or call on 08095220387. Kindly quote your name, DP ID-Client ID / Folio no.
12. In compliance with the MCA Circulars, the Annual Report for FY 2023-24 and the Notice of the 26th AGM are being sent only through electronic mode to all the members whose email addresses are registered with the Company / depository participant.
13. Members may also note that the Notice of the 26th AGM and the Annual Report for FY 2023-24 is also available on the Company’s website link, <https://www.petronetmhbl.com/financial-aids/>
14. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
15. Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the



Depository Participant(s) with whom they maintain their demat accounts. The Registrar & Transfer agent of the Company is Integrated Registry Management Services Private Limited, CIN: U74900TN2015PTC101466, #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003. Phone No.: 080-23460815 to 818, Fax No.: 08023460819, Email ID: alpha123information@gmail.com, bangaloreAccounts@integratedindia.in

16. Members holding shares in dematerialized or in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at sachinjayaswal@petronetmhbl.com.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company before 3.00 PM on Monday, 16th September 2024 to email id sachinjayaswal@petronetmhbl.com.
18. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days i.e. Monday to Friday between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.
19. The details of the Director retiring by rotation and proposed for reappointment is enclosed as Annexure to this notice.
20. Guidelines for participation through VC/OAVM
 - i. Members may note that the 26th AGM of the Company will be convened through VC in compliance with the applicable provisions of the Companies Act, 2013, read with the MCA Circulars. The facility to attend the meeting through VC will be provided by the Company. Members may access the same at
<https://petronetmhbl.webex.com/petronetmhbl/j.php?MTID=m44ff8d31bbd132343f39cad5f4afc7bd>
 - ii. Members present in the AGM through VC can vote by way of show of hands during the AGM.
 - iii. In case a poll is demanded, Chairman shall follow the procedure provided in Section 109 of the Companies Act, 2013 and rules made thereunder. The Members may vote by sending an e-mail from their registered email id to the designated
e-mail id: pmhblagmpoll@petronetmhbl.com stating their assent/ dissent.
 - iv. The facility of joining the AGM through VC / OAVM will be opened 60 minutes before the scheduled start-time of the AGM.
 - v. Members can participate in the AGM through their desktops / smartphones / laptops etc. However, for better experience and smooth participation, it is advisable to join the meeting through desktops / laptops with high-speed internet connectivity.
 - vi. Please note that participants connecting from mobile devices or tablets, or through laptops via mobile hotspot may experience audio / video loss due to fluctuation in their respective networks.
 - vii. Steps to join the AGM through VC by desktop/ laptop
 - a) Click the link given for the VC or join through e mail invite
 - b) select "Join from your browser". You can join through Google chrome or Firefox or safari or Microsoft edge.
 - c) Allow <https://petronetmhbl.webex.com> to set cookies in your browser and to open the petronetmhbl.webex.com.
 - d) Use computer for audio and start video and then "join meeting"
 - e) Similar process can be adopted for joining through tablet/ mobile.
21. Pursuant to Section 139 of the Companies Act, 2013, the Statutory Auditors of the Company (being a Government Company) are appointed by the Comptroller and Auditor General of India (C&AG) and in pursuance to Section 142 of the Companies Act, 2013, their remuneration is to be fixed by the



Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. In this regard, members may authorize the Board to fix remuneration payable to Statutory Auditors for the financial year 2024-25.

The Members of the Company, at the 25th AGM held on 22.09.2023, authorized the Board of Directors to fix the remuneration of Statutory Auditors appointed for the financial year 2023-24 by the C&AG. Accordingly, the Board of Directors fixed remuneration of Rs. 2,50,000/- for the Statutory Auditors for the financial year 2023-24 plus applicable taxes and reimbursement of actual traveling and out of pocket expenses.

The Board of Directors have recommended authorizing the Board of Directors of the Company for fixation of remuneration of Statutory Auditors as appointed by the C&AG for auditing the Annual Accounts of the Company for the year 2024-25, for approval of shareholders.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5:

Sri Sudhir Kumar, nominated by Oil and Natural Gas Corporation Limited (ONGC) was appointed as Additional Director with effect from 01.06.2024, in accordance with Section 161 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting or the last date on which the Annual General Meeting for financial year 2023-24 should have been held, whichever is earlier. In this regard, the Company has received a request in writing from Sri Sudhir Kumar, proposing his candidature for appointment as Director in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Sri Sudhir Kumar on the Board is desirable and would be beneficial to the company and have recommended his appointment as a Director of the Company. Sri Sudhir Kumar has also been appointed as Managing Director of the Company with effect from 01.06.2024. Hence, as per the Articles of Association of the Company, Sri Sudhir Kumar will not be liable for retirement by rotation so long as he continues to be the Managing Director.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

Sri Sudhir Kumar and his relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice.

The Board recommends the ordinary resolution set out in item no. 5 of the notice for approval of the shareholders.

Item no. 6:

Sri Sudhir Kumar, nominated by Oil and Natural Gas Corporation Limited (ONGC) was appointed as Managing Director by the Board of Directors with effect from 01.06.2024, in accordance with Section 196 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company subject to approval of the Shareholders at the next General Meeting.

As per the Remuneration Policy for Executive Directors, the remuneration of Managing Director, PMHBL will be governed as per the terms of deputation of the Promoter Company which has nominated the Managing Director. Accordingly, the remuneration and other terms and conditions of appointment of Sri Sudhir Kumar as MD, PMHBL wef 01.06.2024 has been approved and recommended by the Nomination & Remuneration Committee and the Board of Directors in line with his entitlement in ONGC, for approval of shareholders.



The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Sri Sudhir Kumar on the Board as Managing Director is desirable and would be beneficial to the company and have recommended his appointment as a Director of the Company.

General terms and conditions of appointment of Sri Sudhir Kumar as Managing Director, Petronet MHB Limited

1. The Managing Director shall exercise and perform such powers and duties as the Board of Directors of the Company (hereinafter called “the Board”) shall, from time to time, determine, and subject to any directions and restrictions, from time to time, given and imposed by the Board and further subject to the superintendence, control and direction of the Board, he shall have the general control, management and superintendence of the business of the company with power to appoint and to dismiss employees and enter into contracts on behalf of the Company in the ordinary course of business and to do and perform other acts, deeds, and things, which in the ordinary course of business, he may consider necessary or as per or in the interest of the Company, provided however, that nothing shall be done by the Managing Director which by the Act or the Articles of the Company shall be transacted at a meeting of the Board or which shall not be effective unless approved by the Board or which are not expressly provided.
2. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
3. Without prejudice to the generality of the power vested in the Managing Director hereinabove, Managing Director shall be entitled to exercise the following powers:
 - (i) With the Board’s approval, together with the person in charge of Finance for the time being of the company and other personnel authorized by the Board, to open and operate any banking or other account and to draw, make, accept, execute, endorse, discount, negotiate, retire, pay, satisfy and assign cheques, drafts, bills of exchange, promissory notes, hundis, interest and dividend warrants and other negotiable or transferable instruments or securities;
 - (ii) To borrow moneys with or without security, for the purpose of business of the company, as per applicable provisions of the Companies Act, 2013.
 - (iii) To invest funds of the company (other than in the shares of the other companies) and fixed deposit with the company’s bankers.
 - (iv) To appoint distributors for the sale of the products of the company subject to prior approval of the Board whenever necessary.
 - (v) To ensure that all taxes due to the Central and State Governments and Municipal authorities are paid promptly.
 - (vi) To engage persons in the employment of the Company as per policy approved by the Board.
 - (vii) To increase the salary or the remuneration of any employee of the company and to sanction annual increases as per policy approved by the Board.
 - (viii) To enter into contracts for the purchase of goods for the company subject to applicable provisions of the Companies Act, 2013.
 - (ix) To institute, prosecute, defend, oppose, appear or appeal to, compromise, refer to arbitration, abandon and execution or become non-suited in any legal proceedings including trademarks, trade names, trade property and passing off actions and revenue proceedings relating to customs or excise duties, tax on income, profits and capital and taxation generally or otherwise.
4. The Managing Director shall throughout the said term, devote his entire time, attention and abilities to the business of the company and shall carry out the orders, from time to time, of the Board and in all respect conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the Company and use his utmost endeavors to promote the interests of the company.



5. Confidential Information:

- a) The Managing Director shall not, either during or after his tenure hereunder, divulge or utilize any confidential information belonging to the Company or any of its associated companies (including confidential information as to formulae, processes and manufacturing methods, and confidential information as to the business and affairs of the company) which may have come to his knowledge during his tenure hereunder or during his tenure under any previous contract of service with the Company or any of its associated companies, and he shall, both during and after his employment hereunder, take all reasonable precautions to keep all such information secret.
- b) Except so far as may be necessary for the purpose of his duties hereunder, the Managing Director shall not, without the consent of the company, retain or make originals or copies of the telegrams, letters, maps, reports drawing, calculations, specifications, formulae, forms, licenses, agreements or other documents of whatever nature belongs to the company or any of its associated companies, or notes thereof, nor retain samples of specimens in which the company or any of its associated companies may be or may have been interested and which have come into his possession by reason of his tenure hereunder. If on the termination of his tenure hereunder, the Managing Director is in possession of any originals or copies of telegrams, letters, maps, reports, drawings, calculations, specifications, formulae, forms licenses, agreements or other documents of whatever nature belonging to the company or any of its associated companies, or any notes thereof or any such samples or specimens as aforesaid, he shall deliver the same to the company without being asked, except so far as consent to retain them has been given to him by the company. Any such consent shall not of itself relieve the Managing Director from his obligations under sub-paragraph (a) above.

6. Inventions:

If at any time while in the tenure of the company, the Managing Director makes or contributes to the making of any invention, the Managing Director shall forthwith supply the company with full particulars of the invention, and subject as hereinafter provided:

- a) The Managing Director shall not, without the written consent of the company, make, exercise, use or vend the invention or dispose of any of his rights therein, whether by assignment, license, encumbrance or otherwise;
- b) The Managing Director shall not, without the written consent of the company, publish the invention or any information relating thereto to any person whomsoever, except the company and its duly authorized agents.

Provided that paragraph (a) and (b) hereof shall cease to have effect at the expiration of four months from the time when the company has received full particulars of the invention from the Managing Director, unless before the expiration of the said period of four months, the company gives notices to the Managing Director that it wishes the Managing Director to assign his rights in the invention to the Company.

7. The Company shall not be entitled to give such a notice as aforesaid unless, in the judgment of the company, exercised in good faith by such officers as may be appropriate, either
 - a) the invention is wholly or partly attributable to the Managing Director's knowledge of or association with any of the company's activities, or
 - b) the invention pertains to or is capable of being operated in connection with any actual or projected activities of the company or of any of the company's associated companies.
8. Where any such notice is given the Managing Director shall, at the expense of the company, provide the company with all such documents, information and assistance, execute all such instrument, and otherwise do all such acts as the company may reasonably require for the purpose of vesting the invention in the company, providing the company with patent and other protections therefore, in any part of the world, or otherwise enabling or assisting the company to exploit and develop the invention and enjoy the property therein, in any country. In any case, in which the Managing



Director is not the sole inventor, his obligation, so far as they relate to vesting the invention in the company and enabling or assisting the company to enjoy the property in the invention, shall extend only to such interests in the invention as he is able to secure for the company having regard to the interests of other inventor.

9. If no such notice is given within the said period of four months, then after the expiration of the said period the rights of the Managing Director to publish, exploit, develop and protect the invention shall be subject to the following restrictions only:
 - a) The said rights shall not be exercised so as to interfere with the duties of service which the Managing Director owes to the company, and
 - b) If at any time in the judgment of the company exercised in good faith by such officers as may be appropriate, any actual or projected activity of the Managing Director in the exercise of the said rights is or will be inimical to the interests of the company or of any of its associated companies, the company may impose such restricts upon his engaging therein as the company thinks reasonable for the protection of the said interests.
10. The duties of the Managing Director under this Clause shall be part of the normal duties owed by the Managing Director to the company in consideration of the Managing Director's annual or other periodical salary, and the company shall not be bound to provide the Managing Director with any additional reward in respect of the performance of his duties under this Clause. Nevertheless, in order to promote the advancement of technical arts, the company may be in its sole discretion award the Managing Director such ex-gratia recognition as it may think fit whenever in its opinion such recognition is justified having regard to all the circumstances of the case.
11. Without prejudice to its rights under this Clause, the company is prepared in special cases to consider requests from the Managing Director for permission to publish original papers, in an appropriate form, whenever in the opinion of the company the subject matter thereof is calculated to be of benefit to the community.
12. In these Clauses, the expression "the Managing Director" includes the Managing Director's personal representatives, and the expression "invention" includes any new or improved substance, material, plant, machinery or apparatus produced or capable or being produced by manufacturer, any new or improved method or process of manufacture, or of testing or of sampling and any discovery in a field of science or applied technology.

Relevant documents in respect of the above item are open for inspection by the members at the Registered office of the company on all working days between 10.30 AM and 12.30 PM upto the date of the Annual General Meeting (AGM) or electronically during the AGM.

Sri Sudhir Kumar and his relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the Notice.

The Board recommends the ordinary resolution set out in item no. 6 of the notice for approval of the shareholders.

Item no. 7:

Smt. Pinky Rai, nominated by Oil and Natural Gas Corporation Limited (ONGC) was appointed as Additional Director with effect from 12.04.2024 in accordance with Section 161 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting or the last date on which the Annual General Meeting for financial year 2023-24 should have been held, whichever is earlier. In this regard, the Company has received a request in writing from Smt. Pinky Rai, proposing her candidature for appointment as Director in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.



The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Smt. Pinky Rai on the Board is desirable and would be beneficial to the company and have recommended her appointment as a Director of the Company. She will be liable to retire by rotation.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

Smt. Pinky Rai and her relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the Notice.

The Board recommends the ordinary resolution set out in item no. 7 of the notice for approval of the shareholders.

Item no. 8:

Sri Neeraj Lal, nominated by Oil and Natural Gas Corporation Limited (ONGC) was appointed as Additional Director with effect from 23.04.2024 in accordance with Section 161 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting or the last date on which the Annual General Meeting for financial year 2023-24 should have been held, whichever is earlier. In this regard, the Company has received a request in writing from Sri Neeraj Lal, proposing his candidature for appointment as Director in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Sri Neeraj Lal on the Board is desirable and would be beneficial to the company and have recommended his appointment as a Director of the Company. He will be liable to retire by rotation.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

Sri Neeraj Lal and his relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 8 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 8 of the Notice.

The Board recommends the ordinary resolution set out in item no. 8 of the notice for approval of the shareholders.

Item no. 9:

Sri Goud C. Sridhar, nominated by Hindustan Petroleum Corporation Limited (HPCL) was appointed as Additional Director with effect from 01.06.2024 in accordance with Section 161 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting or the last date on which the Annual General Meeting for financial year 2023-24 should have been held, whichever is earlier. In this regard, the Company has received a request in writing from Sri Goud C. Sridhar, proposing his candidature for appointment as Director in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.



The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Sri Goud C. Sridhar on the Board is desirable and would be beneficial to the company and have recommended his appointment as a Director of the Company. He will be liable to retire by rotation.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

Sri Goud C. Sridhar and his relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the Notice.

The Board recommends the ordinary resolution set out in item no. 9 of the notice for approval of the shareholders.

Item no. 10:

Sri Basavarajappa Sudharshan nominated by Oil and Natural Gas Corporation Limited (ONGC) was appointed as Additional Director with effect from 26.07.2024 in accordance with Section 161 of the Companies Act, 2013 and the relevant provisions of the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting or the last date on which the Annual General Meeting for financial year 2023-24 should have been held, whichever is earlier. In this regard, the Company has received a request in writing from Sri Basavarajappa Sudharshan, proposing his candidature for appointment as Director in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

The Nomination & Remuneration Committee and the Board of Directors of the Company feels that the presence of Sri Basavarajappa Sudharshan on the Board is desirable and would be beneficial to the company and have recommended his appointment as a Director of the Company. He will be liable to retire by rotation.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

Sri Basavarajappa Sudharshan and his relatives are, concerned or interested, financially or otherwise, in the resolution set out at item no. 10 of the Notice. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 10 of the Notice.

The Board recommends the ordinary resolution set out in item no. 10 of the notice for approval of the shareholders.



Details of Directors being appointed/reappointed as required under the provisions of Companies Act, 2013 and Secretarial Standard 2 (SS 2) issued by the Institute of Company Secretaries of India (ICSI):

Name of the Director	Sri Sudhir Kumar	Ms. Pinky Rai	Sri Neeraj Lal	Sri Goud C. Sridhar	Basavarajappa Sudharshan
DIN	10644833	10588498	10597626	08466543	10717061
Category of Director	Managing Director (Executive director)	Non-Executive - Director	Non-Executive - Director	Non-Executive - Director	Non-Executive - Director
Date of Birth	22.03.1969	26.04.1969	05.01.1969	21.05.1967	09.06.1965
Age	55 years	55 years	55 years	57 years	59 years
Date of first appointment on the Board	01.06.2024	12.04.2024	23.04.2024	01.06.2024	26.07.2024
Qualification	BE in Mechanical Engineering and MBA	BE in Electrical & Electronics Engineering	Bachelor's Degree in Petroleum Engineering and MBA	Graduate in Mechanical Engineering	BE in Instrumentation Technology
Experience	33 years	34 years	33 years	33 years	30 years
Details of Experience	Note 1	Note 2	Note 3	Note 4	Note 5
Directorship held in other Companies	Nil	Nil	Nil	HPCL Biofuels Limited	Nil
Membership of Committee	Member of CSR Committee	Member of N&R Committee and CSR Committee	Chairman of Audit Committee and N & R Committee	Member of N&R Committee	NIL
No. of Shares held in the Company	He is not holding any shares in the Company.	She is not holding any shares in the Company	He is not holding any shares in the Company.	He is not holding any shares in the Company.	He is not holding any shares in the Company.
Terms and conditions of appointment	He is an executive director (Managing Director) and is entitled to remuneration as approved by the Company. He will not be liable to retire by rotation so long as he continues to be the Managing Director.	She will be liable for retirement by rotation. She will be a non-executive director and no remuneration is payable by the Company to her.	He will be liable for retirement by rotation. He will be a non-executive director and no remuneration is payable by the Company to him.	He will be liable for retirement by rotation. He will be a non-executive director and no remuneration is payable by the Company to him.	He will be liable for retirement by rotation. He will be a non-executive director and no remuneration is payable by the Company to him.
Relationship between Directors inter- se	There is no relationship between the Directors inter se.	There is no relationship between the Directors inter se.	There is no relationship between the Directors inter se.	There is no relationship between the Directors inter se.	There is no relationship between the Directors inter se.



Attendance at Board meeting: For FY 2023-24, Sri Sudhir Kumar, Smt. Pinky Rai, Sri Neeraj Lal, Sri C Sridhar Goud and Sri Basavarajappa Sudharshan were not eligible to attend any Board meeting. For FY 2024-25, till the date of approval this notice by the Board, Sri Sudhir Kumar & Sri C. Sridhar Goud were eligible to attend one Board meeting which they attended, Smt. Pinky Rai was entitled to attend three Board meeting which she attended, Sri Neeraj Lal was entitled to attend three Board meetings out of which he attended two Board meetings and Sri Basavarajappa Sudharshan was not eligible to attend any Board meeting.

Note 1:

Sri Sudhir Kumar is B. E. in Mechanical Engineering (Year 1989) from NITK, Surathkal and MBA (HR), from IGNOU, New Delhi (Year 2004). He continues his academic pursuits in law and doctoral studies.

Currently, he has taken over as Managing Director of the company with effect from 01.06.2024. Prior to this, he is Chief General Manager in ONGC working as Head Well Services at Jorhat, Assam reporting directly to Asset Manager, Jorhat and responsible for planning and execution of plans to improve well productivity.

Prior to this, he was on deputation to Directorate General of Hydrocarbons (DGH), Ministry of Petroleum & Natural Gas at Noida, UP, where he worked with all the private sector players and the government to manage India's upstream oil sector in different capacities. He was instrumental in developing the numerous policy reforms in the upstream oil sector during the period from 2014 to 2021. He has worked across ONGC geography viz Karaikal (Puducherry), Mumbai Offshore, Dehradun, Sivasagar (Assam), Noida (DGH), and Jorhat (Assam) and across domains of oil & gas processing, refinery and gas dispatch and receipt, offshore operations, corporate functions, oilfield services, joint venture management, policy formulation etc. At DGH, he has also been a part of government's global investor outreach roadshows at several foreign locations for Exploration & Production (E&P) business development.

He has a rich and varied professional exposure across entire spectrum of E&P functions of upstream petroleum sector with experience of close to 34 years now. He has presented technical papers at several forums, the latest being at India Energy Week 2024 at Goa.

Note 2:

Pinky Rai aged 55 years old is a graduated from NITK Surathkal with a BE in Electrical & Electronics Engineering in the year 1989. She joined ONGC in 1990 and currently is posted at ONGC, Jorhat as Head-HSE. She is responsible for obtaining statutory clearances which are required for drilling of wells to meet production targets of the Asset. These include Environment Clearances from MoEF&CC, Forest Clearances from Forest Department, Consents from Pollution Control Board etc. Safety being a critical aspect when it comes to onshore operations my job involves regular checks on safety measures and streamlining DGMS and OISD requirements for continued safe operations at onshore sites.

She has a diverse experience of more than 30 years in ONGC, majorly under the Engineering Services Group, Mumbai handling contracts of offshore Projects of well platforms, pipeline replacements, platform revamps and at onshore plant in Assam. She also worked in in the Offshore Design Deptt of offshore well platforms and pipelines and in the Institute of Engineering & Ocean Technology, ONGC. Other than execution of projects she have completed various projects and handled two major arbitration cases while in Offshore Engineering Services, Mumbai

Note 3:

Sri Neeraj Lal has spent 33 years working in ONGC, starting his career at Hazira Gas Processing Complex as a Production Engineer. In his ONGC Career, he has served in a variety of senior management and executive positions in Processing Plants, Onshore Business Assets, Corporate leadership Positions and Offshore Business Assets.

As Group General Manager, Neeraj Lal is presently posted as Surface Manager responsible for managing Upstream Surface Production Operations of Neelam and Heera Asset in Western Offshore at Mumbai.



Previously he was Chief Executive Assistant to Director (Production) where he was responsible for assisting the Director in overseeing ONGC's Upstream Activities for both Onshore & Offshore Assets across the country.

Prior to that role he was Area Manager at Tripura Asset managing production from gas fields at Tripura. He also headed the Facility Engineering Group responsible for providing engineering solutions for upstream production project activities.

Neeraj served the Executive Office of Chairman, ONGC in 2015, responsible for guiding development of company's strategies and oversaw the company's interest in JV Companies. Earlier he was Executive Assistant to Director (Offshore) providing support for the Offshore business Units.

Before joining the executive office of Director (Offshore), he joined the company as a production engineer in Hazira Plant progressing through the Operational Positions and spearheading improvements in Plant Safety, driving efficiencies and growing the gas value chain.

He earned a Bachelor's Degree in Petroleum Engineering from IIT (ISM) Dhanbad and holds a Master's in Business Administration from FORE School of Management, New Delhi.

Note 4:

Sri Goud C Sridhar is Graduate in Mechanical Engineering with 33 years of experience in HPCL. Mr. Goud is the Executive Director - Supplies, Operations & Distribution of Hindustan Petroleum Corporation Limited, a Fortune 500 and Navrathna Oil Refining & Marketing company in India. Prior to this responsibility, he was holding the position of Chief General Manager – Supplies & Distribution, Biofuels in O&D SBU of HPCL. He had also worked as Director on the Board of Petronet Mangalore Bengaluru Hassan Pipeline. Mr. Goud has a rich and varied professional exposure across entire spectrum of petroleum functions and has held various key positions in Head South Central Zone, Vigilance and Operations & Distribution.

Note 5:

Sri B Sudharshan is currently Executive Director (Refinery), Mangalore Refinery and Petrochemicals Limited (MRPL). His key responsibilities include overseeing refinery Operations, Maintenance & Technical Services, managing Safety, health, and environment, supervising information systems, focusing on refinery operational excellence, reducing energy demand and improving reliability, driving digitalization through AI/ML Techniques to Enhance productivity and reliability.

Sri B Sudharshan carries a Professional Experience of over 30 years in Chemical, Fertilizer, and Refinery Industries. He has extensive experience in Refinery Project Management, Maintenance, and Marketing Projects and possess rich exposure Across the Entire Spectrum of Refinery Functions.

Sri B. Sudharshan is Instrumental in establishing MRPL Retail Outlets as Head of Marketing Projects and he played a Key Role in Devangonhi Marketing Terminal Project which is in the Final Stages of Commissioning. Under his leadership, MRPL became the first Indian company to receive Field Comm Group 2018 "Plant of the Year" Global award conferred by FieldComm Group.

Sri Basavarajappa Sudarshan brings a wealth of knowledge and expertise to his role as director, leveraging his vast experience to drive operational excellence and innovation within the company.

Item no. 11:

The Board of Directors of the Company, on the recommendations of the Audit Committee, approved the appointment of M/s Murthy & Co. LLP as Cost Auditor at a remuneration of Rs.50,000/- (Rs. Fifty thousand only) plus applicable taxes plus reimbursement of out-of-pocket expenses incurred for the Audit at actuals to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025.



In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, have to be ratified by the members of the Company. The Board, therefore, recommend the ordinary resolution for approval by the members.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting or electronically during the AGM.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 11 of the Notice.

The Board recommends the ordinary resolution as set out at item no. 11 for approval by the members.

By order of the Board of Directors
For Petronet MHB Limited

(Sachin Jayaswal)
Company Secretary
Membership no. ACS 18835

Regd. Office : Corporate Miller, 2nd Floor, Block B,
332/1, Thimmaiah Road, Vasanth Nagar,
Bengaluru, 560052

Date : 28.08.2024



Annexure to the Notice of the 26th AGM of Petronet MHB Limited

Details of the director seeking re-appointment at the 26th Annual General Meeting (pursuant to secretarial standard 2 (SS-2) issued by the Institute of Company Secretaries of India (ICSI))

Name of the Director	Sri Subodh Batra	Sri Ramesh Ramasamy
DIN	09364934	10304253
Category of Director	Non - Executive Director	Non - Executive Director
Date of Birth	10.08.1966	17.06.1967
Age	58 years	57 years
Date of first appointment on the Board	01.04.2022	05.09.2023
Qualification	B. Tech (Civil Engineering)	BE (Civil)
Experience	37 years	34 years
Details of Experience	As per note 1	As per note 2
Directorship held in other Companies	1. Hindustan Colas Private Limited	Nil
Membership of Committee	He is a member of the Audit Committee and Chairman of CSR Committee of the Company.	He is a member of the Audit Committee of the Company.
No. of Shares held in the Company	He is not holding any shares in the Company.	He is not holding any shares in the Company.
Terms and conditions of appointment	He will be liable for retirement by rotation. He will be a non-executive director and no remuneration is payable by the Company to him.	He will be liable for retirement by rotation. He will be a non-executive director and no remuneration is payable by the Company to him.
Relationship between Directors inter- Se	There is no relationship between the Directors inter se.	There is no relationship between the Directors inter se.



Attendance at Board meetings: During FY 2023-24, Sri Subodh Batra attended seven out of eight Board meetings which he was entitled to attend and Sri Ramesh Ramasamy attended all the four Board meetings which he was entitled to attend.

Note 1:

Sri Subodh Batra is Executive Director – Industrial & Consumers, Direct Sales SBU, in Hindustan Petroleum Corporation Limited (a Maharatna Company) since October 1st, 2021. Prior to this assignment, he was Executive Director – Supply, Operations & Distribution SBU, responsible for end-to-end product sourcing, inventory management, infrastructure planning, biofuels, logistics, operations and safety at all POL depots and terminals across the country. As Head of Supply, Operations and Distribution, he was instrumental in taking a number of initiatives aimed at cost optimization and digital interventions at all the operating locations.

Sri Subodh Batra has rich and varied professional experience across the entire spectrum of petroleum functions and having an experience of more than 34 years. He is known for his participative leadership style and believes in leading his teams from the front and consistently delivering high performance against all odds. During his career he has led large teams in all marketing functions and held leadership positions including Head – Retail, North Zone, Head – Retail, North Central Zone and Retail Regional Manager – Meerut.

Shri Subodh Batra has always focused on customer-centric initiatives, building robust business processes, infrastructure augmentation, leveraging technology, innovation, strategic network expansion, profitability, capability building, behavior-based safety and project management. During the Covid-19 situation, he along with his team ensured meticulous planning and close refinery co-ordination for continuous operation at all locations, uninterrupted product supply to the markets and operation of refineries at full capacity.

Note 2:

Sri Ramesh Ramasamy is currently serving as the Executive Director - Pipelines in the Pipelines Strategic Business Unit (SBU) of Hindustan Petroleum Corporation Limited (HPCL), Shri Ramesh Ramasamy leads the management of HPCL's extensive 5132-kilometer pipeline network. In addition to overseeing the day-to-day operations, he also spearheads the execution of pipeline projects that span 1218 kilometers.

A graduate in Civil Engineering from Madras University, Shri Ramesh Ramasamy has played a pivotal role in the design, acquisition, and execution of major hydrocarbon pipeline projects at HPCL. With over 33 years of experience, Shri Ramesh Ramasamy brings a wealth of expertise in pipeline project execution and pipeline operations. His extensive experience encompasses the setup of pump stations, mainline cross-country pipelines, receiving stations, terminals, and more.

He has been involved in the feasibility study of cross-country pipeline projects and other various technical designs. He has executed various cross-country projects of HPCL like the Visakh Vijayawada Pipeline, Vijayawada - Secunderabad Pipeline, Mundra Delhi Pipeline, Capacity Augmentation of Mumbai Pune Solapur Pipeline including Ghat Section pipeline replacement, Mangalore Hassan Mysore Solur LPG Pipeline, Uran Chakan Shikrapur LPG Pipeline, Vijayawada Dharmapuri Pipeline and Hassan Cherlapalli LPG Pipeline.

He was involved in the conceptualization to commissioning of the Vijayawada Dharmapuri Pipeline, Hassan Cherlapalli LPG Pipeline and Barmer Palanpur Pipeline design. He has served as COO of IHB (JV of IOCL, HPCL, BPCL) which is executing 2810 kms world's longest Kandla Gorakhpur LPG Pipeline. His innovative mindset has led to significant advancements such as Special Cut Naphtha utilization, capacity enhancement through cost-effective solutions, and pioneering Optical Fiber Cable (OFC)-based Pipeline Intrusion Detection System (PIDS) implementation.



BOARD'S REPORT

TO THE MEMBERS

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 26th Annual Report on the business and operations of the Company together with the Audited Financial Statements of the Company for the Financial Year 2023-24 and the Auditors' Reports and Comments of Comptroller & Auditor General of India (C&AG).

It is a matter of great pleasure that the Company completed 21st year of successful business operations during 2023-24 and recorded growth of 4% in thrupt, 5% in Revenue from Operations and 14% in Profit after tax, as compared to previous year. The key financial highlights of your company are given below:

FINANCIAL HIGHLIGHTS:

(₹ in Cr.)

Particulars	Year 2023-24 (Audited)	Year 2022-23 (Audited)
Operating Income	149.55	141.89
Interest & Other Income	36.13	26.39
Total Income	185.68	168.28
Operating Expenses	(44.46)	(43.32)
Operating Profit	141.22	124.96
Interest Expense	(0.99)	(1.04)
Net Profit	140.23	123.92
Depreciation	(10.75)	(10.40)
Net Profit before Taxation (PBT)	129.48	113.52
Prov. for Taxation:		
Current Tax	(33.10)	(28.40)
Deferred Tax	(0.12)	(0.40)
Profit after Taxation (PAT)	96.26	84.72
Balance brought forward from previous financial year	34.86	30.82
Amount available for Appropriation	131.12	115.54
Dividend Paid	89.71	80.66
Other Comprehensive Income that will not be reclassified to Profit or (Loss)	(0.48)	(0.02)
Balance carried forward	40.93	34.86
SHAREHOLDERS' VALUE (Amount in Rs.)		
Earnings per Share	1.75	1.54
Book Value per Share	10.75	10.64



PHYSICAL PERFORMANCE:

Your company achieved thruput of 4.05 Million Metric Tonne (MMT) during the year 2023-24 compared to 3.89 MMT achieved during the year 2022-23.

The details of thruput handled at Hassan and Devangunthi are as follows:

(Figures in million metric tonne)

Year	Hassan Delivery	Devangunthi Delivery	Total Delivery
2023-24	3.46	0.59	4.05
2022-23	3.40	0.49	3.89

For the FY 2023-24:

- Energy consumption is 85 BTU/MT-KM as against Standard energy consumption range of 50 BTU to 135 BTU.
- Power cost is 23 paisa per MT - KM which is reasonable.
- Operating cost is 58 paisa / MT-KM which is reasonable.
- Per employee revenue and PAT contribution is Rs. 5.46 Crore and Rs. 2.92 Crore respectively.
- Savings in power cost is Rs. 4.21 Cr. with optimum use of captive solar power generation of Rs. 4.02 Cr. & power purchase from IEX of Rs. 0.19 Cr.
- Capacity utilization of pipeline is 72 % with respect to design capacity of 5.600 MMTPA as compared to capacity utilization of 70 % during 2022-23.

SAFETY MEASURES:

Your Company has taken following measures during the year to improve the safety of the pipeline:

- For emergency preparedness, Offsite Mock drills conducted periodically in presence of District & Factory Authorities, Department of Fire & Emergency Services, Police Officials and mutual aid members.
- Geo fenced electro -Mechanical type locking systems provided for Block vales (across Major Rivers crossings) along the pipeline
- 48V DC Dual float cum boost chargers with stabilized output and MODBUS communication protocol provided at Stations to avoid system failures.
- Additional CCTV cameras provided in main stations and Sectionalizing valve locations in Mangalore to Neriya section of the pipeline for enhancing the monitoring.
- Augmentation of Tank farm management system at Devangunthi location.

ISO CERTIFICATION, AWARDS AND RECOGNITION:

The Company is certified for ISO Management Standards viz

- QMS ISO: 9001:2015 – Quality management system
- EMS ISO: 14001:2015 – Environment management system



- iii. OHSMS ISO: 45001:2018 - Occupational Health & Safety management systems and
- iv. EnMS ISO: 50001:2018 – Energy management systems

During the financial year, the Company received

- i. Outstanding achievement award in Technology Innovation from Greentech Foundation for battery charger augmentation project.
- ii. Outstanding achievement award in Safety Excellence from Greentech Foundation for accomplishment in HSE.
- iii. Certification of appreciation from National Safety Council in recognition for appreciable achievement in occupational Safety & Health.

STATE OF COMPANY AFFAIRS:

The Company has achieved its highest ever thruptut during the financial year 2023-24. The main focus was on improving the capacity utilization & cost optimization across the locations which has yielded desired results.

During the financial year, the Board has approved the proposal for compensation restructuring of below Board level executives as per applicable DPE 2017 Pay scale.

DETAILS OF MATERIAL CHANGES AND COMMITMENTS BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT:

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES:

The Company does not have any subsidiary, associate or joint venture company during the financial year ended 31.03.2024.

CHANGE IN NATURE OF BUSINESS:

There is no change in nature of business during the financial year ended 31.03.2024.

DIVIDEND:

The Company has declared & paid two interim dividends for the year 2023-24, the first being Rs. 0.635/- per equity shares of Rs. 10 each (6.35%) in October 2023 and the second being Rs. 1.00/- per equity shares of Rs. 10 each (10%) in March, 2024.

No further dividend is proposed for the FY 2023-24.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to Section 125 of the Companies Act 2013 there is no unpaid or unclaimed fund in the Company, to be transferred to IEPF. Hence the Company has not made any such transfer to IEPF.

TRANSFER TO RESERVES:

The Company has neither proposed nor transferred any funds to reserves during the financial year.

**SHARE CAPITAL:**

The Paid-up Equity Share Capital of the Company as on March 31, 2024 was Rs. 548,70,72,640 comprising of 54,87,07,264 equity shares of Rs. 10 each. During the year under review, your Company has neither issued any shares with differential voting rights nor has granted any stock options or sweat equity.

CHANGES IN CAPITAL STRUCTURE:

There is no change in the Capital Structure during the year.

SHARE PURCHASE AGREEMENT

Pursuant to Share purchase agreement executed on 17.07.2023 between the Promoters viz HPCL & ONGC and IL&FS Financial Services Limited (IFIN), the IFIN stake in the Company (0.007%) has been acquired equally by HPCL & ONGC. Presently, ONGC and HPCL hold 50:50 equity stake in the Company.

DIRECTORS & KEY MANAGERIAL PERSONNEL:

The Board of your company as on the date of this report comprises of following Directors:

1. Sri Anuj Kumar Jain, Chairman (wef 01.06.2024)
2. Sri Sudhir Kumar, Managing Director (wef 01.06.2024)
3. Sri Subodh Batra, Director
4. Sri Ramesh Ramasamy, Director (wef 05.09.2023)
5. Smt. Pinky Rai, Director (wef 12.04.2024)
6. Sri Neeraj Lal (wef 23.04.2024)
7. Sri C. Sridhar Goud, Director (wef 01.06.2024)

As on 31.03.2024, the Board comprised of Sri Pankaj Kumar, Chairman, Sri Mukundan Venkatesha Mukhami, Managing Director and the Directors namely Sri M. Shyamprasad Kamath, Sri Anuj Kumar Jain, Sri Subodh Batra and Sri R. Ramesh.

In line with Section 203 of the Companies Act, 2013, Sri Sudhir Kumar, Managing Director, Sri Chandan Kumar Das, Chief Financial Officer and Sri Sachin Jayaswal, Company Secretary are the Key Managerial Personnel as on the date of this report. As on 31st March 2024, Sri Mukundan Venkatesha Mukhami, Managing Director, Sri Chandan Kumar Das, Chief Financial Officer and Sri Sachin Jayaswal, Company Secretary were the Key Managerial Personnel.

CHANGES IN DIRECTORSHIP:

Sri Pankaj Kumar, nominated by ONGC was appointed as Additional Director and Chairman, with effect from 01.06.2023, in place of Sri Venkatesh M Rao who resigned from the Board of the Company with effect from 01.06.2023. Sri Pankaj Kumar was appointed as Director at the 25th Annual General Meeting on 22.09.2023. He resigned as Chairman and Director with effect from 01.06.2024.

Sri Anuj Kumar Jain, who was already on the Board as Director, was appointed as Chairman in place of Sri Pankaj Kumar with effect from 01.06.2024 as per the nomination by HPCL.

Sri Mukundan Venkatesha Mukhami, Managing Director, nominated by HPCL resigned as Managing Director and Director with effect from 01.06.2024 in view of completion of his tenure as Managing Director. Sri Sudhir Kumar, nominated by ONGC in line with the Articles of Association of the Company has been appointed as Managing Director with effect from 01.06.2024 till 31.05.2027.

Sri C. Sridhar Goud, nominated by HPCL has been appointed as Additional Director with effect from 01.06.2024.

Smt. Pomila Jaspal who was Director (Woman) on the Board, nominated by ONGC resigned with effect from 01.02.2024 in view of her superannuation from ONGC. Smt. Pinky Rai, nominated on the Board by ONGC has been appointed as Additional Director (Woman) with effect from 12.04.2024.



Sri Debdulal Adhikari who was Director on the Board, nominated by ONGC resigned with effect from 01.02.2024 in view of his superannuation from ONGC. Sri Neeraj Lal, nominated on the Board by ONGC has been appointed as Additional Director with effect from 23.04.2024.

Sri R. Sridhar who was Director on the Board, nominated by HPCL resigned with effect from 01.09.2023 in view of his superannuation from HPCL. Sri R. Ramesh, nominated on the Board by HPCL has been appointed as Additional Director with effect from 05.09.2023 and as Director at the 25th Annual General Meeting on 22.09.2023.

Sri Mundkur Shyamprasad Kamath, nominated on the Board by ONGC was appointed as Additional Director with effect from 29.03.2023 and as Director at the 25th Annual General Meeting on 22.09.2023. He resigned from the Board with effect from 12.07.2024 in view of Change of nomination by ONGC. Sri B. Sudharshan has been nominated by ONGC as director on the Board of the Company in place of Sri Mundkur Shyamprasad Kamath and his appointment as director is being processed.

The Board recommends the appointment of Sri Sudhir Kumar as Director and Managing Director at the forthcoming Annual General Meeting of the Company. The Board further recommends the appointment of Sri Neeraj Lal, Smt. Pinky Rai and Sri C Sridhar Goud as Director at the forthcoming Annual General Meeting of the Company.

The Board places on record its appreciation for valuable contribution made by Sri Venkatesh M Rao, Sri Pankaj Kumar, Sri Debdulal Adhikari, Smt. Pomila Jaspal, Sri R Sridhar, Sri Mundkur Shyamprasad Kamath and Sri Mukundan Venkatesha Mukhami during their tenure on the Board of the Company.

RE-APPOINTMENTS:

As per Section 152 of the Companies Act, 2013, Sri Subodh Batra (DIN 09364934) and Sri Ramesh Ramasamy (DIN: 10304253) are the Directors who will retire by rotation at the ensuing AGM and being eligible, seek re-appointment. The Board recommends their re-appointment.

INDEPENDENT DIRECTORS:

Pursuant to MCA notification dated 05.07.2017, Petronet MHB Limited, being a joint venture is not required to have any Independent Directors on the Board of the Company. Accordingly, no independent director is appointed on the Board of the Company.

CORPORATE GOVERNANCE:

BOARD MEETING DETAILS:

Eight meetings of the Board of Directors were held during the financial year 2023-24 as per details given below:

Sl. No	Particulars	Date of Meeting	Mode of holding the meeting
1.	142nd Board meeting	24.04.2023	Video Conference
2	143rd Board meeting	30.05.2023	Physical
3	144th Board meeting	24.07.2023	Video Conference
4	145th Board meeting	21.08.2023	Physical
5	146th Board meeting	27.10.2023	Video Conference
6	147th Board meeting	05.12.2023	Video Conference
7	148th Board meeting	19.01.2024	Physical
8	149th Board meeting	27.03.2024	Video Conference



The details of the Directors' attendance areas follows:

Sl. No	Name of Director	No. of Board meetings held during respective tenure during 2023-24	No. of Board meetings attended during 2023-24
1	Sri Venkatesh M Rao (Chairman till 31.05.2023)	2	2
2	Sri Pankaj Kumar (Chairman wef 01.06.2023)	6	6
3	Sri Mukundan Venkatesha Mukhami	8	8
4	Sri Mundkur Shyamprasad Kamath	8	6
5	Sri Subodh Batra	8	7
6	Sri Anuj Kumar Jain	8	7
7	Sri Ramesh Ramasamy	4	4
8	Sri Debdulal Adhikari (resigned as Director wef 01.02.2024)	7	7
9	Smt. Pomila Jaspal (resigned as Director wef 01.02.2024)	7	6
10	Sri Ramamurthi Sridhar (resigned as Director wef 01.09.2023)	4	4

AUDIT COMMITTEE:

As on 31.03.2024, the Audit Committee of the company comprised of three directors namely Sri Anuj Kumar Jain (Chairman), Sri Subodh Batra (Member) & Sri Ramesh Ramasamy (Member). As on the date of this report, the Audit Committee comprise of Sri Neeraj Lal (Chairman), Sri Subodh Batra (Member) & Sri Ramesh Ramasamy (Member). The Audit Committee, at its 84th meeting held on 22.04.2024 reviewed the annual financial statements for the year 2023-24, before its approval by the Board. During the year, all the recommendations of the Audit Committee were accepted by the Board.

Six meetings of the Audit Committee were held during the financial year 2023-24 as per details given below:

Sl. No	Particulars	Date of Meeting	Mode of holding the meeting
1	78th Audit Committee meeting	21.04.2023	Video Conference
2	79th Audit Committee meeting	24.07.2023	Video Conference
3	80th Audit Committee meeting	16.08.2023	Video Conference
4	81st Audit Committee meeting	25.10.2023	Video Conference
5	82nd Audit Committee meeting	19.01.2024	Physical
6	83rd Audit Committee meeting	26.03.2024	Video Conference



The details of the attendance of the Audit Committee are as follows:

Sl. No	Name of Member of the Committee	No. of Audit Committee meetings held during respective tenure during 2023-24	No. of Audit Committee meetings attended during 2023-24
1	Sri Ramamurthi Sridhar	3	3
2	Sri Anuj Kumar Jain	6	6
3	Sri M Shyamprasad Kamath	2	2
4	Sri Debdulal Adhikari	5	4
5	Sri Subodh Batra	1	1
6	Sri Ramesh Ramasamy	1	1

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE):

As on 31.03.2024, the CSR Committee comprised of three directors namely Sri Subodh Batra (Chairman), Sri M. Shyamprasad Kamath (Member) & Sri Mukundan Venkatesha Mukhami (Member).

As on the date of this report, the CSR Committee comprises of three directors namely Sri Subodh Batra (Chairman), Smt. Pinky Rai (Member) & Sri Sudhir Kumar (Member).

Two meetings of the CSR Committee were held during FY 2023-24 as per details given below:

Sl. No	Particulars	Date of Meeting	Mode of holding the meeting
1	20th CSR Committee meeting	21.04.2023	Video Conference
2	21st CSR Committee meeting	26.03.2024	Video Conference

The details of the attendance of the CSR Committee are as follows:

Sl. No	Name of Member of the Committee	No. of CSR Committee meetings held during respective tenure during 2023-24	No. of CSR Committee meetings attended during 2023-24
1	Sri Venkatesh M Rao	0	0
2	Sri Subodh Batra	2	2
3	Sri Mukundan Venkatesha Mukhami	2	2
4	Sri M Shyamprasad Kamath	2	2



NOMINATION & REMUNERATION COMMITTEE (NRC):

As on 31.03.2024, the NRC comprised of three members namely Sri M. Shyamprasad Kamath (Chairman), Sri Anuj Kumar Jain & Sri Ramesh Ramasamy.

As on the date of this report, the NRC comprises of three directors namely Sri Neeraj Lal (Chairman), Smt. Pinky Rai (Member) and Sri C. Sridhar Goud, (Member).

Three meetings of the NRC were held during 2023-24 as per details given below:

Sl. No	Particulars	Date of Meeting	Mode of holding the meeting
1	23rd N&R Committee meeting	30.05.2023	Physical
2	24th N&R Committee meeting	20.07.2023	Video Conference
3	25th N&R Committee meeting	21.08.2023	Physical

The details of the attendance of the N&R Committee are as follows:

Sl. No	Name of Member of the Committee	No. of N&R Committee meetings held during respective tenure during 2023-24	No. of N&R Committee meetings attended during 2023-24
1	Sri Venkatesh M Rao	0	0
2	Sri M. Shyamprasad Kamath	3	3
3	Sri Anuj Kumar Jain	3	3
4	Sri Debdulal Adhikari	3	3



ANNUAL GENERAL MEETING (AGM) DETAILS:

Year	Date & time of AGM
2022-23	22nd Sep. 2023 at 11.00 AM (IST)
2021-22	23rd Sep. 2022 at 10.30 AM (IST)
2020-21	22nd Sep. 2021 at 11.00 AM (IST)

No Special Resolution has been passed by the Company in the above AGMs.

COMPANY POLICY ON DIRECTOR'S APPOINTMENT, REMUNERATION ETC.:

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website, at <https://www.petronetmhbl.com/policies/>. The salient features of the company policy on Director's appointment, Remuneration etc. is enclosed as Annexure I.

PERFORMANCE EVALUATION OF BOARD:

The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole, is conducted based on the criteria and framework adopted by the Board. The performance evaluation for the Directors and the Committees for the financial year 2023-24 has been carried out internally.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors State that:

- (i) In the preparation of the Annual Accounts for the financial year ended 31st March 2024, the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31st March 2024 and of the Profit or Loss of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS & THEIR ADEQUACY:

The Company has an internal control systems commensurate with the nature of its business, the size, scale and complexity of its operations. Further, the Company has adequate internal financial controls over financial reporting and such internal control is operating effectively.



During the year, internal auditors reviewed and tested such control and no reportable material weakness in the design or operation were observed.

LEGAL COMPLIANCE SYSTEM:

The Company has a system for identification of laws applicable for the company as well as its compliance. Under integrated management manual (ISO systems), a legal register is maintained covering legislations/regulations/ other requirements applicable to the Company, which is audited annually by the integrated management system certification body.

The status of legal compliances are compiled on quarterly basis from all the business units to enable the company secretary place, the status of legal compliances before the Board.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

The Corporate Social Responsibility Committee (CSR Committee) of the Company has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy of the Company can be accessed at:

<https://www.petronetmhbl.com/wp-content/uploads/2018/06/csrapolicy-1.pdf>

The Company focuses on several corporate social responsibility projects to improve the lives of people through its different initiatives in the areas of Rural development, Health, Sanitation, Education, etc.

The Annual Report on CSR activities is annexed herewith and marked as Annexure II to this Report.

VIGIL MECHANISM:

Establishing Vigil Mechanism is not mandatory for the Company as per the Provisions of the Companies Act, 2013, however, pursuant to the MOP&NG guidelines dated 19.11.2013, Vigilance Administration has been entrusted to Chief Vigilance Officer, Hindustan Petroleum Corporation Limited with concurrence of Ministry of Petroleum and Natural Gas, Govt. of India.

RISK MANAGEMENT:

The Company has an Enterprise Risk Management (ERM) policy that is implemented across the organization. The ERM function enables the achievement of the Company's objectives by identifying, analyzing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. While this is the key driver, our values, culture and commitment to stakeholders – employees, customers, investors, regulatory bodies, Promoters, and the community around us are the foundation for our ERM framework. None of the risks which are identified poses any threat to existence of the Company.

AUDITORS, AUDIT & EXPLANATION OR COMMENTS BY THE BOARD ON THE REMARKS MADE BY AUDITORS IN AUDIT REPORT:

COMPTROLLER AND AUDITOR GENERAL OF INDIA:

The reply to the comment of the Comptroller and Auditor General of India under Section 143(6)(b) on the financial statement of the Company for the year ended March 31, 2024 is enclosed as Annexure III.

STATUTORY AUDITORS AND AUDIT REPORT:

The Comptroller and Auditor General of India (C&AG) appointed M/s A. R. Viswanathan & Co., Chartered Accountants, Bengaluru as Statutory Auditors of your Company for the year 2023-24 and they have audited the Accounts for the year 2023-24. There is no qualification, reservation or adverse remark in the Audit Report.



At the 25th Annual General Meeting of the Company, the Board was authorized to fix the remuneration of the Statutory Auditor for the Financial Year 2023-24 and accordingly the Board has fixed remuneration of Rs. 2,50,000 plus out of pocket expenses plus GST at applicable rate for the Statutory Auditor. For the year 2024-25, the appointment of Statutory Auditor by the C&AG is awaited.

SECRETARIAL AUDITORS AND AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Act and the rules made there under, Sri S. Viswanathan was appointed as Secretarial Auditor to conduct Secretarial Audit for the financial year 2023-24. The Secretarial Audit Report (MR3) for the financial year ended March 31, 2024 is annexed herewith marked as Annexure IV to this Report. There is no qualification, reservation or adverse remark in the Audit Report.

COST RECORDS:

The Company is required to maintain cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are made and maintained.

COST AUDITORS:

M/s Murthy & Co., LLP were appointed as Cost Auditor for the financial year 2023-24 pursuant to Section 148 of the Companies Act 2013 & Companies (Cost Audit records and Audit) Rules, 2014 at a remuneration of Rs. 50,000/- plus GST plus out of pocket expenses.

COST AUDIT REPORT:

M/s Murthy & Co., LLP, the Cost Auditors have carried out the Cost Audit for FY 2023-24. There is no qualification, reservation or adverse remark in the Audit Report.

The Cost Audit for the financial year 2022-23 was carried out by M/s Bandyopadhyaya Bhaumik & Co and the Cost Audit Report was filed with the Ministry of Corporate Affairs during the year under review, before the stipulated date of filing.

REPORTING OF FRAUD:

There was no case of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or to the Board as required under Section 143(12) of the Act and the rules made thereunder.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has constituted Internal Committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee has prepared annual report and submitted the same to the concerned authorities. During the year under review the details of complaints received are as follows:

No. of complaints pending at the beginning of the year	Nil
No. of complaints received during the year	Nil
No. of complaints disposed of	Not applicable
No. of complaints pending at the end of the year	Nil

**ANNUAL RETURN (MGT 7)**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the Annual Return for FY 2023-24 is available at <https://www.petronetmhbl.com/corporate-governance-disclosures/>

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

During the financial year 2023-24, the Company has not given any loan, guarantee, security or any investments which is covered under section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS:

The Company has adopted a Policy for dealing with Related Party Transactions. All Related Party Transactions, that were entered into during the financial year under review, were with Government Companies on arm's length basis, and in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013.

There were no contracts, arrangements or transactions entered in to during fiscal 2023 that fall under the scope of Section 188(1) of the Companies Act, 2013.

Details of transactions with Related Parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure V in Form AOC 2 and forms part of this Report.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014:

The information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014 is annexed at Annexure VI.

MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE:

Your Company, being a Government Company, is exempted to furnish this information under Section 197 of Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) Notification dated 05.06.2015.

DEPOSITS:

During the year under review, your Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

SECRETARIAL STANDARDS:

The Company complies with all applicable secretarial standards issued by the Institute of Company Secretaries of India.

**DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR.**

During the financial year the Company does not have any pending application or proceeding under the Insolvency and Bankruptcy Code, 2016.

DIFFERENCES IN THE AMOUNT OF VALUATION UNDER RULE 8(5)(xii) OF COMPANIES (ACCOUNTS) RULES, 2104

The Company has not entered into any one-time settlement and has not availed any loan during the financial year 2023-24 hence, no valuation was done in this regard.

SIGNIFICANT ORDERS PASSED BY REGULATOR:**PNGRB TARIFF ORDER:**

The Petroleum & Natural Gas Regulatory Board (PNGRB), vide the Order No. TO/PPPL/2024-25 dated 20.05.2024 have maintained the pipeline tariff at existing level of 75% of base Rail Tariff on equivalent rail distance along the Pipeline.

HUMAN RESOURCE & INDUSTRIAL RELATIONS:

Our employees are our most important assets. We are committed to hiring and retaining the best talent and being among the industry's leading employers. For this, we focus on promoting a collaborative, transparent and participative organization culture, and rewarding merit and sustained high performance. Our human resources management focuses on allowing our employees to develop their skills, grow in their career and navigate their next. Industrial relations across the Company remained cordial during the year.

ACKNOWLEDGEMENT:

Your directors place on record appreciation for the Oil Marketing Companies, Mangalore Refinery & Petrochemicals Limited (MRPL), and the communities in which the Company operates, for their cooperation and valuable support extended during the year.

Your directors place on record appreciation for the contribution made by employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

Your directors also thank the Comptroller & Auditor General of India, Statutory Auditors, Cost Auditors, Secretarial Auditor and other professionals associated with the Company for their valued contribution.

Your directors also take this opportunity to gratefully acknowledge the continuous support & guidance provided by Ministry of Petroleum and Natural Gas, Petroleum & Natural Gas Regulatory Board and the Management of the promoter companies viz Hindustan Petroleum Corporation Limited (HPCL) and ONGC Limited.

For and on behalf of the
Board of Directors

A handwritten signature in blue ink, appearing to read 'Anuj'.

(Anuj Kumar Jain)
DIN 09560713
Chairman

Place: Bangalore
Date: 17.07.2024

**Annexure I****POLICY FOR SELECTION OF DIRECTORS AND DETERMINING THEIR INDEPENDENCE:**

The Nomination and Remuneration Committee and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations. Based on the review the Committee/ Board shall formulate the skills, knowledge and experience to be possessed by the Independent Director on case-to-case basis.

The Nomination and Remuneration Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same periodically. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director. In addition, the Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013 and should satisfy the criteria of independence, as laid down in Companies Act, 2013.

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.**Executive Directors:**

The Remuneration of Managing Director, PMHBL will be governed as per the terms of deputation of the Promoter Company which has nominated the Managing Director.

Non-Executive Directors:

The non-executive Directors on the Board are executives of PSU ie ONGC/ HPCL/ MRPL and shall neither be eligible for sitting fee nor any other remuneration from the Company.

Independent Directors:

The Independent Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as per following details:

- Rs. 10,000/- per day for meeting of Board of Directors
- In case Committee meetings are on the same day as Board meeting, No sitting fee for the Committee meeting. Otherwise Rs. 5,000/- per day for Committee meeting.

Remuneration to KMP and other employees:

KMP and other employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the approved grade and shall be based on various factors such as job profile, skill sets, seniority, experience etc.



Annexure II

ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2023-24

1 Brief outline on CSR Policy of the Company.

The Corporate Social Responsibility Committee formulated and recommended to the Board, a Corporate Social Responsibility Policy bringing out the activities to be undertaken by the Company, which has been approved by the Board.

The company has identified the following five CSR thrust areas:

(i) Promoting health care and sanitation

(ii) Promoting education, employment enhancing vocation skills and livelihood enhancement project

(iii) Promoting Women Empowerment

(iv) Promoting Environmental Sustainability & conservation of Natural Resources

(v) Promoting Rural Development in alignment with other thrust areas

2 Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
(i)	Sri Subodh Batra	Chairman, CSR Committee & Director on the Board	2	2
(ii)	Sri Mundkur Shyamprasad Kamath	Member, CSR Committee & Director on the Board	2	2
(iii)	Sri Mukundan Venkatesha Mukhami	Member, CSR Committee & Managing Director on the Board	2	2

Note:

- Sri Venkatesh M. Rao was Chairman of CSR Committee till 12.04.2023. With effect from 13.04.2023, he ceased to be a part of CSR Committee.
- Sri Subodh Batra became Chairman of CSR Committee with effect from 13.04.2023. Prior to that he was member of CSR Committee.
Sri Mundkur Shyamprasad Kamath became member of CSR Committee with effect from 13.04.2023.
- Provide the web-link(s) where composition of CSR committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.**

Weblink of Composition of CSR Committee:

<https://www.petronetmhbl.com/csr/>

Weblink of CSR Policy: <https://www.petronetmhbl.com/wp-content/uploads/2018/06/csrapolicy-1.pdf>

Weblink of CSR annual action plan: <https://www.petronetmhbl.com/corporate-governance-disclosures/>



4	Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable					Not Applicable
5	a. Average net profit of the company as per sub-section (5) of section 135					Rs. 88,43,25,727
	b. Two percent of average net profit of the company as per sub-section (5) of section 135					Rs. 1,76,86,515
	c. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.					Rs. 0.00
	d. Amount required to be set-off for the financial year, if any.					Rs. 22,33,202
	e. Total CSR obligation for the financial year [(b)+(c)-(d)]					Rs. 1,54,53,313
6.	a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).					Rs.1,49,26,074
	b. Amount spent in Administrative Overheads.					Rs. 7,46,304
	c. Amount spent on Impact Assessment, if applicable					Not applicable
	d. Total amount spent for the Financial Year [(a)+(b)+(c)].					Rs. 1,56,72,378
	e. CSR amount spent or unspent for the Financial Year:					
Amount Unspent (in ₹)						
Total Amount Spent for the Financial Year (in ₹)		Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
		Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
1,79,05,580		0.00	-	-	0.00	-
f) Excess amount for set-off, if any:						
Sl No.	Particular					Amount (in Rs.)
(1)	(2)					(3)
I)	Two percent of average net profit of the company as per sub-section (5) of section 135					1,76,86,515
ii)	Total amount spent for the Financial Year					1,79,05,580
iii)	Excess amount spent for the Financial Year [(ii)-(I)]					2,19,065
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any					0.00
v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]					2,19,065



7 Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:								
(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Sub Section (6) of Section 135 (in ₹)	Balance amount in Unspent CSR Account under Sub Section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years (in ₹.)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	2020-21	0	0	0	0	0	0	0
2	2021-22	0	0	0	0	0	0	0
3	2022-23	0	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0	0

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes	<input type="checkbox"/>
-----	--------------------------

No	<input checked="" type="checkbox"/>
----	-------------------------------------

If Yes, enter the number of Capital assets created/ acquired - **Not applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
	Not applicable	--	--	--	CSR Registration Number, if applicable	Name	Registered address
					-	-	-

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.

Not applicable as the Company has spent two percent of the average net profit as per subsection (5) of section 135.

Signature
Managing Director

Signature
Chairman, CSR Committee

Date: 23.04.2024



Annexure III

MANAGEMENT'S REPLY TO THE COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PETRONET MHB LIMITED FOR THE YEAR ENDED 31 MARCH 2024

C&AG Comment

A. Commentson Profitability:

Balance Sheet as at March31,2024 Liabilities

Non-currentliabilities– Rs.33.28 crore

(b)Provisions– Rs.4.05crore

The Company had contractual disputes with Punj Llyod Ltd (PLL) pertaining to the main pipeline laying contract. Both the parties went into arbitration and the case was settled in favour of PLL. However, further appeals were made by the Company in City Civil Court, Bangalore and High Court of Karnataka, Bangalore against the orders of Arbitrator and the City Civil Court, Bangalore respectively. Later, PLL applied and requested(October 2023) for settlement of disputes under Vivad se Vishwas' schemell issued by Ministry of Finance. Under the scheme, the Company worked out liability of Rs.33.12 crore to PLL as on 31 March 2024. The Board of Directors of the Company approved (27.03.2024) to accept the settlement by offering Rs. 33.12 crore(including interest) as full and final settlement with respect to the instant contract under the above-mentioned scheme. Thus, the worked-out liability as per PMHBL was a clear liability and a provision for the same should have been made in the financial statements as on 31 March 2024. However, the Company has not provisioned for the same and disclosed the same as contingent liability.

This has resulted in understatement of Provisions (liability) for year by Rs.33.12 crore. Further, interest expense and fixed assets are understated by Rs.18.36 crore and 14.76 crore respectively. Consequently, this has resulted in overstatement of Profit by Rs. 18.36 crore.

Management Reply

The amount claimed by Punj Llyod Ltd (PLL) under Vivad Se Vishwas Scheme II (the Scheme) through GeM portal was verified by the Company and the claim of PLL for Rs. 39.90 Crore was not as per the Scheme, hence same was not accepted by the Company.

The Company has two cases with PLL

- i) An Appeal Case before the Hon'ble High Court of Karnataka, Bangalore against Order of City Civil Court, Bangalore (against the Order of Arbitrator former CJI Justice Rajendra Babu) with respect to which contingent liability of Rs. 36.99 Crore is shown in the books as on 31.03.2024 and
- ii) An Arbitration case wherein former CJI Justice V.N. Khare is the Arbitrator, with respect to which contingent liability of Rs. 25.66 Crore is shown in the books as on 31.03.2024.



Both the cases are disclosed as Contingent Liability under Note No. 29 in the annual financial statement as on 31.03.2024.

- iii) The Company is also facing attachment proceedings in the Hon'ble High Court of Delhi in a case involving Punj Lloyd Limited and Great Eastern General Insurance Limited.

As the claim by PLL was not as per the Scheme, the same was not accepted by the Company. However, a comprehensive view with respect to all issues between the Company and PLL was taken and it was decided by the Board at its 149th meeting on 27.03.2024 to make an offer of Rs. 33.12 Crore towards settlement of all the above three issues.

As there were no clarity as to whether the conditional offer of the Company would be accepted by PLL, no provision in the books of accounts as on 31.03.2024 were made. However, disclosure for the contingent liability under note no 29(I) regarding application of PLL under Vivad se Vishwas Scheme II (Contractual disputes) was made.

The offer of Rs. 33.19 Crore was made to PLL on 14.05.2024. PLL sought certain clarification with respect to interest calculation under the scheme which were provided on 06.06.2024. On 1st July 2024, PLL accepted the offer. Hence, the interest payment under the scheme to PLL will have to be made upto 1st July 2024. Accordingly, necessary provision will be made during the financial year 2024-25 in the books of accounts of the Company after taking into account the liability of Rs. 6.40 Crore towards final bill of PLL which are already recognised in the books of accounts.



Annexure IV

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

PETRONET MHB LIMITED
Corporate Miller, 2nd Floor
Block B, 332/1, Thimmaiah Road
Vasanth Nagar, Bengaluru – 560052
CIN: U85110KA1998GOI024020

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PETRONET MHB LIMITED (CIN:U85110KA1998GOI024020) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for valuating the corporate conducts/statutory compliances and expressing my opinion thereon.

The Company is:

- (a) An Unlisted Public Company (as defined in Section 2(71) of the Companies Act 2013)
- (b) A Joint Venture Company with exemption from appointment of Independent Directors, as per Rule 4 (2) of the Companies (Appointment and Qualification of Directors) Rules 2014, as amended.
- (c) Not required to constitute Audit Committee and Nomination and Remuneration Committee as it is not covered under Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 pursuant to Rule 6 of the Companies (Meeting of the Board and its Powers) Rules, 2014.
- (d) A Government Company (as defined in Section 2(45) of the Companies Act, 2013) with exemptions from some of the provisions of the Companies Act, 2013 as per Notification No. GSR 463(E), dated 05.06.2015 issued by the Ministry of Corporate Affairs, as amended) and
- (e) A Subsidiary Company of Oil and Natural Gas Corporation Limited (Government Company) w.e.f. 31.01.2018 (as defined in Sec 2 (87) of the Companies Act 2013)
- (f) The books of accounts and records of the Company are subject to supplementary Audit by the Comptroller and Auditor General of India.
- (g) The Company being an Unlisted Public Company, the provisions of Securities and Exchange Board of India Act, 1992 ('SEBI Act') and Regulations and Guidelines prescribed thereunder are not applicable to the Company.

The Company is engaged in the business of transportation of Petroleum products through pipeline system and it is required to comply with the applicable provisions of safety and related laws for transportation of hazardous substances/materials.

**Management's Responsibility for Secretarial Compliances:**

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Secretarial Auditor's Responsibility:

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made thereunder; **(Not applicable to the Company during the audit period)**
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. There were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under Report.

Other Laws applicable specifically to the Company are:

- (i) Water (Prevention and Control of Pollution) Act, 1974, Amended 1988 & Rules, 1975
- (ii) Air (Prevention and Control of Pollution) Act, 1981 Amended 1987 & Rules, 1982
- (iii) Water (Prevention and Control of Pollution) Cess Act, 1974 amended 1988 & Rules, 1975
- (iv) Noise Pollution (Regulation and Control) Rules, 2000 and amended 2002
- (v) Environment (Protection) Act, 1986, Amended 1991 & Rules 1986 Amended 2006
- (vi) The Public Liability Insurance Act, 1991 amended 1992
- (vii) Batteries Management & Handling Rules, 2001
- (viii) Petroleum Act, 1934 and rules, Petroleum Rules 2002 made thereunder
- (ix) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
- (x) Petroleum and minerals pipelines (Acquisition of right of user inland) Act, 1962 with rules
- (xi) Petroleum and Natural Gas Regulatory Board Act, 2006 with rules & regulations.



- (xii) Petroleum & Natural Gas Regulatory Board (levy of fee and other charges) Regulations, 2007 and other allied acts
- (xiii) The Hazardous Waste Management & Handling) Rules, 1989 amended 2008
- (xiv) Forest (Conservation) Act, 1980
- (xv) The Contract Labour (Regulation and Abolition) Act, 1970 and various allied acts
- (xvi) Factories Act, 1948
- (xvii) EPF Act, 1991
- (xviii) ESI Act, 1948
- (xix) Sexual Harassment of Women at Workplace (Prevention and Prohibition and Redressal) Act, 2013
- (xx) The Central Motor Vehicles Rules, 1989 as amended in 2001
- (xxi) Codes of Practices for Emergency Response and Disaster Management Plan (ERDMP)
- (xxii) The Karnataka Shops & Commercial Establishments Act, 1961

We have also examined compliance with the applicable clauses of Secretarial Standards with regard to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

Accordingly, we state that during the period under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable laws and that the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We have not examined compliance by the Company with respect to:

- (a) Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.
- (b) Listing Agreement with the Stock Exchange(s) and the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as the company is an Unlisted Public Company.

We further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous and no dissenting views have been recorded.

There were no amendment/modification of the Memorandum and Articles of Association of the Company during the period under report.

We further report that based on the statutory compliance reports obtained by the management and taken



on record at the Board Meetings, there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company has constituted the following Board Committees:

- 1) Audit Committee
- 2) CSR Committee
- 3) Nomination and Remuneration Committee

I have also examined the adequacy of systems and processes to monitor and ensure Compliance with the provisions of other applicable Laws such as Indian Contracts Act, Labour Laws and Industrial Laws report that there are adequate systems and processes are in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable other laws, rules, regulations and guidelines.

We further report that, during the audit period there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs in pursuance of the above referred laws, rules etc.

Date: 09.07.2024

Place: Bangalore

**SWAYAMBHU
VISWANATHAN**

Digital signed by
SWAYAMBHU
VISHWANATHAN
Date: 2024.07.09
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Enclosed: This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**Annexure A**

To,
The Members
PETRONET MHB LIMITED
Corporate Miller, 2nd Floor
Block B, 332/1, Thimmaiah Road
Vasanth Nagar, Bengaluru – 560052
CIN: U85110KA1998GOI024020

My report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 09.07.2024
Place: Bangalore

SWAYAMBHU
VISWANATHAN
Digital signed by
SWAYAMBHU
VISHWANATHAN
Date: 2024.07.09
12:22:34+05'30'

**Annexure V****Form No. AOC-2**

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

1. Details of contracts or arrangements or transactions not at arm's length basis for FY 2023-24

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2024, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis for FY 2023-24:

There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2024 falling under sub section (1) of section 188 of the Companies Act, 2013

**Annexure VI****A. Conservation of Energy:**

- a) As a green energy initiative, Solar power plant of total 3.828 MWP Capacity is installed at PMHBL Mangalore, Hassan, Devangunthi & SV/IP locations during 2019-20 at a cost of Rs. 16.23 Cr.
- b) Approx. 4647 Tons CO₂ equivalent reduction achieved during the year 2023-24 due to operations of 3828 KWp Solar power plant. In addition to reduction in CO₂ emission, there is savings in power cost for FY 2022-23 is Rs. 4.02 Cr. with optimum use of captive solar power generation.
- c) Optimum usage of combination of single and dual mainline pumps at Mangalore as per thput requirement to minimize the power consumption.

B. Technology Absorption:

- a) Extension SCADA, LDS & PIDS system to Head Office Bangalore for online monitoring
- b) Software Upgradation of process and safety PLCs at locations.
- c) Implementation of Automatic Meter Reading for Solar system energy meters at Devangunthi and Hassan sub stations
- d) Provision of online video conferencing systems at Mangalore and Hassan locations
- e) Electro -Mechanical type locking systems provided for Block vales (across Major Rivers crossings) along the pipeline
- f) 48V DC Dual float cum boost chargers which are compact type with stabilized output and MODBUS communication protocol provided at PMHBL locations.
- g) Additional CCTV cameras provided in main stations and Sectionalizing valve locations in Mangalore to Neriya section of the pipeline for enhancing the safety.
- h) Augmentation of Tank farm management system carried out at Devangunthi location

There was no import of technology during the financial year.

C. Foreign Exchange earning & outgo:

During the financial year, there were no foreign exchange earning & outgo.

**For and on behalf of the Board of Directors
Annexure I to VI**

A handwritten signature in blue ink, appearing to read 'Anuj'.

**(Anuj Kumar Jain)
DIN 09560713
Chairman**

**Place: Bangalore
Date: 17.07.2024**



INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Petronet MHB Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M/s. Petronet MHB Limited (“the Company”)**, **CIN-U85110KA1998GOI024020** which comprise the balance sheet as at March 31, 2024, the statement of Profit and Loss, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024 and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Company’s annual report but does not include the standalone financial statements and our auditor’s report thereon. Such other information is expected to be made available to us after the date of this auditor’s report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially



inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action accordingly.

Responsibility of Management for the standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ❖ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ❖ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we



conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ❖ Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. As per notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company;



- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No.29 of the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there are material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediary"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entity ("Funding Party"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
 - v. The dividend paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.
 - vi. Pursuant to rule 3(1) of the Companies (Accounts) Rules, 2014 and clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, the company is using accounting software (SAP S/4 HANA) for maintaining its books of accounts which has a feature of recording audit trail facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.
3. As required by section 143 (5) of the Act, we give in "Annexure C", a statement on the matters specified by the Comptroller and Auditor General of India for the company.

Place: Bangalore
Date: 30-04-2024

For **AR Viswanathan & Co**
Chartered Accountants
Firm Regn No. 04765S

CA V Raghavendra
Partner

M.No: 021713

UDIN: 24021713BKEXCZ4950



“Annexure A” to the Independent Auditors Report

(Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the standalone financial statements of the company for the year ended 31st March, 2024)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:
 - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b. As per the information and explanation given us, all Property, Plant and Equipment, right-of-use assets and other Intangible assets have been physically verified by the management during the year which in our opinion, is reasonable having regard to size of the company and the nature of its assets. As explained to us no material discrepancies were noticed on such verification.
 - c. As per the information and explanation given us and based on the examination of the records of the Company, the title deeds of 5 pieces of immovable properties are not held in the name of the company in respect of lands allotted by KIADB amounting to Rs. 31.10 Lakhs, the Lease cum sale agreements were entered into, however absolute sale deed yet to be executed.
 - d. As per the information and explanation given to us the Company has not revalued any of its Property, Plant and Equipment (including right of-use assets).
 - e. As per the information and explanation given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
 - a. The company is a service company, primarily rendering transportation of petroleum products. Accordingly, it does not hold any physical inventories other than stores, spares and project surplus. The management has conducted physical verification of such inventories at the end of the year. No material discrepancies were noticed during such verification.
 - b. The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. As per the information and explanation given to us, the company has not made investments in, provided any guarantee or security or granted any loans, secured or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties. Hence reporting under clause 3(iii) of paragraph 3 of the Order are not applicable.
- iv. As per the information provided and explanation given to us, there are no loans, investments, guarantees, and security under section 185 and 186 of the Companies Act 2013. Hence the provisions of clause 3(iv) of paragraph 3 of the Order are not applicable.



- v. As per the information provided and explanation given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable
- vi. We have broadly reviewed accounts and records maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.

vii.

- a. As per the information and explanations given to us, the company has generally been regular in depositing undisputed statutory dues including Goods and service tax, provident fund, income-tax, cess and other statutory dues to the appropriate authorities. As explained to us, the company did not have any dues on account of employee's state insurance, duty of customs and duty of excise.

As per the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as on March 31, 2024 for a period of more than 6 months from the date they became payable.

- b. As per the information and explanations given to us, the following statutory dues have not been deposited on account of dispute:

Statute	Nature of dues	Amount Rs. in lakhs	Forum where dispute is pending
Income tax Act, 1961	Income tax for FY 2016-17	30.40	Commissioner of Income Tax (Appeal)

- viii. As per the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(43 of 1961). Hence, reporting under clause 3(viii) of the Order is not applicable.
- ix. As per the information and explanations given to us, the company does not have any loans or borrowings from a financial institution, bank, Government or issued any debenture. Hence, reporting under clause 3(ix) of the Order is not applicable.
- x. As per the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting under clause 3(x) of the Order is not applicable.
- xi.
 - a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - c. As per the information and explanation given to us, the Company has not received any whistle blower complaints during the year.
- xii. The company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.
- xiii. As per the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of



- such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv.
- a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. As per the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and also is not a core investment company (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Hence, reporting under clause 3(xvi)(a), (b), (c) and (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and hence clause 3(xviii) is not applicable to the company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- a. As per the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
 - b. As per the information and explanations given to us, there are no ongoing projects, where the Company has any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year as per the provision of section 135(6) of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

Place: Bangalore
Date: 30-04-2024

For **AR Viswanathan & Co**
Chartered Accountants
Firm Regn No. 04765S

A handwritten signature in black ink, appearing to read 'V Raghavendra'.

CA V Raghavendra
Partner

M.No: 021713
UDIN: 24021713BKEXCZ4950



“Annexure B” to the Independent Auditor's Report

(Referred to in paragraph 2(f) under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the standalone financial statements of the company for the year ended 31st March, 2024)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of M/s. Petronet MHB Limited (“the Company”) as of 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions



of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Place: Bangalore
Date: 30-04-2024

For **AR Viswanathan & Co**
Chartered Accountants
Firm Regn No. 04765S

CA Raghavendra V
Partner

M.No: 021713
UDIN: 24021713BKEXCZ4950



“Annexure – C” to the Independent Auditors Report

(Referred to in paragraph 3 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the standalone financial statements of the company for the year ended 31st March, 2024)

Direction: I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated

Observation: The Company is using an IT - ERP system viz. SAP in which the accounting transactions are processed. The accounting transactions including the payroll are inbuilt in the IT-ERP system. The company does not have any outside IT software that needs to be integrated in the accounts.

Direction: II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial Impact may be stated. Whether such cases are properly accounted for?

Observation: There are no restructuring of an existing loan or cases of waiver write off of debts, loans, interest, etc., made by lender to the company due to the company's ability to repay the loan.

Direction: III. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.

Observation: No funds were received/receivable for specific schemes from Central / State Government or its agencies.

Place: Bangalore
Date: 30-04-2024

For **AR Viswanathan & Co**
Chartered Accountants
Firm Regn No. 04765S

CA Raghavendra V

Partner

M.No: 021713

UDIN: 24021713BKEXCZ4950



COMMENTS OF THE COMPTROLLER AN AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PETRONET MHB LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of Petronet MHB Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 April 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Petronet MHB Limited for the year ended 31 March 2024 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant Matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Profitability:

Balance Sheet as at March 31, 2024

Liabilities

Non-current liabilities — ₹ 33.28 crore

(b) Provisions - ₹ 4.05 crore

The Company had contractual disputes with Punj Llyod Ltd (PLL) pertaining to the main pipeline laying contract. Both the parties went into arbitration and the case was settled in favour of PLL. However, further appeals were made by the Company in City Civil Court, Bangalore

and High Court of Karnataka, Bangalore against the orders of Arbitrator and the City Civil Court, Bangalore respectively. Later, PLL applied and requested (October 2023) for settlement of disputes under Vivad se Vishwas scheme II issued by Ministry of Finance. Under the scheme, the Company worked out liability of ₹ 33.12 crore to PLL as on 31 March 2024. The Board of Directors of the Company approved (27.03.2024) to accept the settlement by offering ₹ 33.12 crore (including interest) as full and final settlement with respect to the instant contract under the above-mentioned scheme. Thus, the worked out liability as per PMHBL was a clear liability and a provision for the same should have been made in the financial statements as on 31 March 2024. However, the Company has not provisioned for the same and disclosed the same as contingent liability.

This has resulted in understatement of Provisions (liability) for the year by ₹33.12 crore. Further, interest expense and fixed assets are understated by ₹ 18.36 crore and ₹ 14.76 crore respectively. Consequently, this has resulted in overstatement of Profit by ₹ 18.36 crore.

**For and on behalf of the
Comptroller & Auditor General of India**

(S. Velliangiri)

Principal Director of Commercial Audit

**Place: Chennai
Date: 03.07.2024**



Balance Sheet as at March 31, 2024

₹ In lakhs

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2	11,471.31	12,065.55
(b) Right-of-use assets	2.1	584.88	716.07
(c) Capital work-in-progress	2.2	562.75	379.38
(d) Investment Property	3	7.09	7.21
(e) Other Intangible assets	4	866.32	876.56
(f) Financial Assets			
(i) Other financial assets	5	207.52	252.33
(g) Other non-current assets	7	1,508.08	1,509.85
(h) Non Current Tax Assets(Net)	7.1	-	16.78
Total Non - Current Assets		15,207.96	15,823.74
Current assets			
(a) Inventories	8	265.84	250.44
(b) Financial Assets			
(i) Trade receivables	9	1,860.59	1,740.73
(ii) Cash and cash equivalents	10	241.74	111.79
(iii) Bank balances other than (ii) above	11	44,156.53	43,461.98
(iv) Other financial assets	5	2,132.63	1,637.48
(c) Other current assets	12	129.33	87.45
Total Current Assets		48,786.66	47,289.87
Assets classified as held for sale	13	333.27	333.27
Total Assets		64,327.89	63,446.87
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	54,870.73	54,870.73
(b) Other Equity	14.1	4,093.03	3,486.37
Total equity		58,963.76	58,357.10
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	16.1	736.77	810.59
(ii) Trade payables	15		
Dues of Micro & Small Enterprises		-	-
Dues to Creditor other than Micro & Small Enterprises		-	-
(iii) Other financial liabilities	16	657.69	657.69
(b) Provisions	17	405.30	315.03
(c) Deferred tax liabilities (Net)	6	1,528.01	1,531.59
Total Non - Current Liabilities		3,327.77	3,314.91



₹ In lakhs

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
Current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	16.1	73.82	119.54
(ii) Trade payables	15		
Dues of Micro & Small Enterprises		91.72	41.23
Dues to Creditor other than Micro & Small Enterprises		351.96	388.61
(iii) Other financial liabilities	16	441.72	322.58
(b) Other current liabilities	18	823.26	792.42
(c) Current tax liabilities (Net)	7.2	103.24	-
(d) Provisions	17	150.64	110.49
Total Current Liabilities		2,036.36	1,774.87
Total Equity and Liabilities		64,327.89	63,446.87

The accompanying notes 1 to 35 form an integral part of the financial statements.

As per our report of even date attached for **A.R. Viswanathan & Co.**
Chartered Accountants
Firm Registration Number: 04765S

for and on behalf of the Board of Directors of
Petronet MHB Limited

V Raghavendra
Partner
Membership Number: 021713

Mukundan V.M.
Managing Director
DIN: 09187238

Anuj Kumar Jain
Director
DIN: 09560713

Chandan Kumar Das
Chief Financial Officer

Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30-04-2024
UDIN: 24021713BKEXCZ4950

Place : Bangalore
Date : 23-04-2024



Statement of Profit and Loss for the year ended March 31, 2024

₹ In lakhs

Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations	19	14,955.16	14,189.14
Other Income	20	3,612.85	2,638.52
Total Income		18,568.01	16,827.66
Expenses			
Employee benefit expense	21	1,033.03	957.44
Finance costs	22	98.98	104.55
Depreciation and amortisation expense	2,2,1,3 & 4	1,075.08	1,039.68
Other expenses	23	3,412.80	3,374.27
Total Expenses		5,619.89	5,475.94
Profit before tax		12,948.13	11,351.72
Tax Expense			
Current tax	6	3,310.15	2,839.58
Deferred tax	6	12.41	40.45
Total tax expense		3,322.56	2,880.03
Profit for the period		9,625.57	8,471.69
Other comprehensive income			
Items that will not be recycled to profit or loss		-	-
Remeasurements of the defined benefit liabilities / (asset)		(63.53)	(1.94)
Income tax relating to items that will not be reclassified to profit or loss		15.99	0.49
Items that may be reclassified to profit or loss		-	-
Others (specify nature)		-	-
Income tax on items that may be reclassified to profit or loss		-	-
Total Other comprehensive income, net of tax		(47.54)	(1.45)
Total comprehensive income for the period		9,578.03	8,470.24
Earnings per equity share			
Basic	26	1.75	1.54
Diluted	26	1.75	1.54

The accompanying notes 1 to 35 form an integral part of the financial statements.

As per our report of even date attached
for **A.R. Viswanathan & Co.**
Chartered Accountants
Firm Registration Number: 04765S

V Raghavendra

Partner

Membership Number: 021713

for and on behalf of the Board of Directors of
Petronet MHB Limited

Mukundan V.M.
Managing Director
DIN: 09187238

Chandan Kumar Das
Chief Financial Officer

Place : Bangalore
Date : 23-04-2024

Anuj Kumar Jain
Director
DIN: 09560713

Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30-04-2024
UDIN: 24021713BKEXCZ4950



Statement of changes in Equity

(A) Equity Share Capital

(1) Current reporting period

		₹ In lakhs		
Balance as at April 1, 2023	Changes in Equity Share Capital due to prior Period Errors	Restated Balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March, 31 2024
54,870.73	-	54,870.73	-	54,870.73
54,870.73	-	54,870.73	-	54,870.73

(2) Pervious reporting period

		₹ In lakhs		
Balance as at April 1, 2022	Changes in Equity Share Capital due to prior Period Errors	Restated Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March, 31 2023
54,870.73	-	54,870.73	-	54,870.73
54,870.73	-	54,870.73	-	54,870.73

(B.) Other Equity

		₹ In lakhs									
Particulars	Share Application money pending for allotment	Equity component of compound financial instruments	Reserves & Surplus			Equity Instruments through other comprehensive income	Debt Instruments through other comprehensive income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)	Money received against share warrant	Total Equity attributable to equity holders of the Company
			Retained earnings	Capital reserve	General reserve						
Balance as at April 1 2023	-	-	3,486.37	-	-	-	-	-	-	-	3,486.37
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1 2023	-	-	3,486.37	-	-	-	-	-	-	-	3,486.37
Profit for the Period	-	-	9,625.57	-	-	-	-	-	-	-	9,625.57
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	(47.54)	-	-	-	-	-	-	-	(47.54)
Total comprehensive income for the year	-	-	9,578.03	-	-	-	-	-	-	-	9,578.03
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	(8,971.36)	-	-	-	-	-	-	-	(8,971.36)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31 2024	-	-	4,093.03	-	-	-	-	-	-	-	4,093.03



Statement of changes in Equity

₹ In lakhs

Particulars	Share Application money pending for allotment	Equity component of compound financial instruments	Reserves & Surplus			Equity Instruments through other comprehensive income	Debt Instruments through other comprehensive income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)	Money received against share warrant	Total Equity attributable to equity holders of the Company
			Retained earnings	Capital reserve	General reserve						
Balance as at April 1 2022	-	-	3,082.13	-	-	-	-	-	-	-	3,082.13
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1 2022	-	-	3,082.13	-	-	-	-	-	-	-	3,082.13
Profit for the Period	-	-	8,471.69	-	-	-	-	-	-	-	8,471.69
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	(1.45)	-	-	-	-	-	-	-	(1.45)
Total comprehensive income for the year	-	-	8,470.24	-	-	-	-	-	-	-	8,470.24
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	(8,066.00)	-	-	-	-	-	-	-	(8,066.00)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31 2023	-	-	3,486.37	-	-	-	-	-	-	-	3,486.37

The accompanying notes 1 to 35 form an integral part of the financial statements.

As per our report of even date attached for **A.R. Viswanathan & Co.**

Chartered Accountants

Firm Registration Number: 04765S

V Raghavendra

Partner

Membership Number: 021713

for and on behalf of the Board of Directors of **Petronet MHB Limited**

Anuj Kumar Jain

Director

DIN: 09560713

Mukundan V.M.

Managing Director

DIN: 09187238

Chandan Kumar Das

Chief Financial Officer

Place : Bangalore

Date : 23-04-2024

Sachin Jayaswal

Company Secretary

Place : Bangalore

Date : 30-04-2024

UDIN: 24021713BKEXCZ4950



Statement of Cash flows for the year ended March 31, 2024

₹ In lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flow from operating activities:		
Profit for the period before tax	12,948.13	11,351.72
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	1,075.08	1,039.68
Loss on disposal of fixed assets	0.83	-
Interest income on fixed deposits	(3,494.10)	(2,600.37)
Finance Charges on Lease	83.71	92.84
Other adjustments	15.27	11.71
<i>Changes in assets and liabilities</i>		
Trade receivables	(119.86)	(275.08)
Other financial assets	21.15	499.94
Inventories	(15.40)	11.69
Other assets	(40.11)	31.37
Trade payables	13.84	25.46
Other financial liabilities	119.14	(35.36)
Provisions and other liabilities	97.73	283.66
Cash generated from operations	10,705.41	10,437.26
Income taxes paid	(2,971.36)	(2,650.55)
Net cash generated from operating activities	7,734.04	7,786.71
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment	(340.48)	(543.11)
Proceeds from sale of property, plant and equipment	1.27	0.99
Capital advances	(184.27)	(233.31)
Bank Deposits not considered as cash and cash equivalents	(694.55)	(1,285.74)
Interest received on fixed deposits	2,788.55	2,645.40
Net cash from investing activities	1,570.53	584.23
C. Cash flow from financing activities:		
Interest expense on lease liabilities	(83.71)	(92.84)
Payment of lease liabilities	(119.54)	(101.37)
Payment of Interim dividends	(8,971.36)	(8,066.00)
Net cash used in financing activities	(9,174.62)	(8,260.20)



Statement of Cash flows for the year ended March 31, 2024

₹ In lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net increase/(decrease) in cash and cash equivalents	129.95	110.74
Cash and cash equivalents at the beginning of the period	111.79	1.05
Cash and cash equivalents at the end of the period	241.74	111.79

The accompanying notes 1 to 35 form an integral part of the financial statements.

As per our report of even date attached

for **A.R. Viswanathan & Co.**
Chartered Accountants
Firm Registration Number: 04765S

for and on behalf of the Board of Directors of
Petronet MHB Limited

V Raghavendra
Partner
Membership Number: 021713

Mukundan V.M.
Managing Director
DIN: 09187238

Anuj Kumar Jain
Director
DIN: 09560713

Chandan Kumar Das
Chief Financial Officer

Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30-04-2024
UDIN: 24021713BKEXCZ4950

Place : Bangalore
Date : 23-04-2024



Notes to the financial statements for the year ended March 31, 2024

SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION

Petronet MHB Limited (The 'Company') was incorporated on 31st July, 1998 on common carrier principle to provide petroleum product transportation facility from Mangalore Refinery at Mangalore to the Oil Marketing Companies Terminals at Hassan & Devanagonthi (Bangalore). The Company is a Public Limited Company incorporated & domiciled in India. Its shares are not listed on any recognised stock exchanges in India. The registered office of the company is located at # Corporate Miller 2nd Floor Block B, 332/1, Thimmai Road, Vasanth Nagar, Bangalore Karnataka- 560 052.

SIGNIFICANT ACCOUNTING POLICIES

1.1. Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under the Companies (Indian Accounting Standards) Rules, 2015.

1.2. Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Corporation's Presentation currency and Functional currency is Indian Rupees (Rs). All figures appearing in the Financial Statements are rounded to the nearest lakhs (Rs Lakhs) , except where otherwise indicated.

1.3. Use of estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and takes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.3.1 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

1.3.2 Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 1.11.2.



Notes to the financial statements for the year ended March 31, 2024

1.3.3 Provisions ,Contingent liabilities & Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities & Contingent assets are not recognised in the financial statements, however contingent liabilities and Contingent assets are disclosed in the financial statement.

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected.

1.4. Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

1.5. Assets held for sale

Non-current assets and disposal groups are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.6. Revenue Recognition

Revenue is recognised upon transfer of Control of Promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.



Notes to the financial statements for the year ended March 31, 2024

1.6.1. Income from Services

Transportation income is recognised as upon transfer of service to the customer i.e. on delivery of petroleum products to oil marketing companies. Revenue is recognised by allocating the transaction price as per agreed tariff rate to the distinct service.

1.6.2. Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.6.3. Other Income

Insurance claims are accounted on acceptance of claims by respective Insurance Companies. The liquidated damage recovered from contracts (both revenue and capital contracts) is recognised as income as and when recovered.

1.7. Leases

The Company's Lease asset classes primarily consist of leases for Land and Building. The Company assesses whether a Contract contains a lease, at inception of a Contract. A contract is or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or if not readily determinable, using the incremental borrowing rates of these leases.

1.8. Foreign Currency

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1.9. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



Notes to the financial statements for the year ended March 31, 2024

1.10. Employee Benefits

1.10.1. Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.10.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

1.10.3. Defined Contribution Plans-Provident Fund & NPS

The Company makes contribution to Provident Fund which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company had introduced NPS for its employees w.e.f 01 January 2023 within the overall limit of Retirement Benefit Scheme. The obligation of the Company is to contribute to NPS to the extent of amount not exceeding 30% of basic pay and dearness allowance as reduced by the employer's contribution towards provident fund and gratuity.



Notes to the financial statements for the year ended March 31, 2024

1.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.11.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.11.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.11.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.12. Property, Plant & Equipment

Land and buildings held for use in the supply of services or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

1.12.1. Depreciation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.



Notes to the financial statements for the year ended March 31, 2024

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of property, plant & equipment is as specified below. Residual value is taken at 5%.

Particulars	Useful lives
Building	3 years to 30 years
Computer equipment	3 years
Server	6 years
Plant and Equipment*	10 to 15 years
- Solar Power Plant	25 years
Roads	5 years
Pipeline	30 years
Office equipment	5 years
Furniture and fixtures*	3 to 10 years

*- Based on the evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II of the Companies Act, 2013.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.13. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.13.1. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.13.2. Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Particulars	Useful lives
Right of Way	Indefinite
Computer Software	6 years

1.14. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets with finite life, to determine whether there is any indication that those assets have



Notes to the financial statements for the year ended March 31, 2024

suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.15. Inventories

Inventories that comprise of stores and spares (which qualify as inventories) are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.16. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.16.1. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

1.17. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and



Notes to the financial statements for the year ended March 31, 2024

financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1.17.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.17.2. Classification of financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

1.17.3. Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

1.17.4. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

1.17.5. Impairment of financial assets

The company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. The company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since



Notes to the financial statements for the year ended March 31, 2024

initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

1.17.6. Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit



Notes to the financial statements for the year ended March 31, 2024

or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.18. Cash and Cash Equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

1.19. Trade Receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

1.20. Trade & other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.21. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 30 years from the date of original construction, based on the useful life prescribed in Schedule II to the Companies Act, 2013 using the straight-line method. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based either on the latest available information based on 'stamp duty – annual statement of rates' applicable to the area in which the land is situated, market comparison approach or on periodical evaluation performed by an external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.22. Earnings per Share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company does not have any potentially dilutive securities.

1.23. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.24. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



Notes to the financial statements for the year ended March 31, 2024

Note No. 2 - Tangible Assets

Description of Assets	₹ In lakhs									
	Land - Freehold	Buildings - Freehold	Computers and Data Processing Equipment's	Plant and Equipment - Freehold	Roads	Pipeline	Office Equipment	Furniture and Fixtures	Total	
I. Gross Block										
Balance as at 1 April, 2023	37.08	2,219.22	170.09	8,960.91	232.73	6,198.93	101.26	168.00	18,088.23	
Additions	0.18	47.47	67.03	110.05	-	54.09	37.10	2.23	318.15	
Disposals	-	-	2.69	2.39	-	-	0.22	8.85	14.15	
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	
Balance as at 31 March , 2024	37.26	2,266.69	234.43	9,068.57	232.73	6,253.02	138.14	161.38	18,392.23	
II. Accumulated depreciation and impairment for the year 2023-24										
Balance as at 1 April, 2023	-	700.92	82.81	3,261.20	96.32	1,727.18	71.62	82.63	6,022.68	
Depreciation / amortisation expense for the year	-	118.10	31.82	458.19	26.70	247.87	10.95	16.67	910.30	
Eliminated on disposal of assets	-	-	2.56	1.56	-	-	0.06	7.88	12.06	
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-	
Balance as at 31 March , 2024	-	819.02	112.07	3,717.83	123.02	1,975.05	82.51	91.42	6,920.92	
Net block (I-II)										
Balance as on 31st March 2024	37.26	1,447.68	122.36	5,350.74	109.71	4,277.97	55.63	69.96	11,471.31	
Balance as on 31st March 2023	37.08	1,518.31	87.28	5,699.71	136.41	4,471.75	29.64	85.37	12,065.55	



Notes to the financial statements for the year ended March 31, 2024

Note No. 2 - Tangible Assets

₹ In lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Computers and Data Processing Equipments	Plant and Equipment - Freehold	Roads	Pipeline	Office Equipment	Furniture and Fixtures	Total
I. Gross Block									
Balance as at 1 April, 2022	30.47	2,173.03	169.37	8,535.34	226.88	6,152.21	92.71	167.11	17,547.13
Additions	6.61	46.19	4.72	425.57	5.85	46.72	8.82	3.53	548.01
Disposals	-	-	4.00	-	-	-	0.27	2.64	6.91
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2023	37.08	2,219.22	170.09	8,960.91	232.73	6,198.93	101.26	168.00	18,088.23
II. Accumulated depreciation and impairment for the year 2022-23									
Balance as at 1 April, 2022	-	586.08	59.08	2,824.18	69.80	1,486.78	55.50	69.33	5,150.75
Depreciation / amortisation expense for the year	-	114.84	27.21	437.02	26.52	240.40	16.18	15.68	877.85
Eliminated on disposal of assets	-	-	3.48	-	-	-	0.06	2.38	5.92
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2023	-	700.92	82.81	3,261.20	96.32	1,727.18	71.62	82.63	6,022.68
Net block (I-II)									
Balance as on 31st March 2023	37.08	1,518.31	87.28	5,699.71	136.41	4,471.75	29.64	85.37	12,065.55
Balance as on 31st March 2022	30.47	1,586.96	110.29	5,711.16	157.08	4,665.43	37.21	97.78	12,396.38

Notes:

- 1) The Company is still in the process of getting registered its acquisition of Land at three locations, acquired through KIADB for Sectionalised Valve Stations. Until registration of the 'lease cum sale agreement', amount paid towards acquisition is shown as 'Capital advance against land purchase' under Note 7 - Other Non Current Assets.
- 2) Plant & Machinery includes ₹ 667.08 Lakhs (P.Y.-667.08 Lakhs) in respect of pipeline intrusion detection system which is joint controlled assets with HPCL.
- 3) In respect of five land allotted by KIADB amounting to ₹ 31.10 lakhs , lease cum sale agreement entered into and the absolute sale deed yet to be executed.



Notes to the financial statements for the year ended March 31, 2024

Note No. 2.1 -Right of use Assets

₹ In lakhs

Description of Assets	Land	Building	Total
I. Gross Block			
Balance as at 1 April, 2023	998.65	254.76	1,253.41
Additions on account of adoption of Ind AS 116	-	-	-
Decrease due to remeasurement of lease liabilities	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31st March , 2024	998.65	254.76	1,253.41
II. Accumulated depreciation and impairment for the year 2023-24			
Balance as at 1 April, 2023	334.50	202.84	537.34
Depreciation expense for the period	83.22	47.97	131.19
Eliminated on disposal of assets	-	-	-
Balance as at 31st March ,2024	417.72	250.81	668.53
Net block (I-II)			
Balance as at March 31, 2024	580.93	3.95	584.88
Balance as on 31st March 2023	664.15	51.92	716.07

₹ In lakhs

Description of Assets	Land	Building	Total
I. Gross Block			
Balance as at 1 April, 2022	998.65	254.76	1,253.41
Additions on account of adoption of Ind AS 116	-	-	-
Decrease due to remeasurement of lease liabilities	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31st March , 2023	998.65	254.76	1,253.41
II. Accumulated depreciation and impairment for the year 2022-23			
Balance as at 1 April, 2022	251.28	154.87	406.15
Depreciation expense for the period	83.22	47.97	131.19
Eliminated on disposal of assets	-	-	-
Balance as at 31st March ,2023	334.50	202.84	537.34
Net block (I-II)			
Balance as at March 31, 2023	664.15	51.92	716.07
Balance as on 31st March 2022	747.37	99.89	847.26

Note No. 2.2 - Capital Work In Progress

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Unallocated Capital Expenditure	562.75	379.38
Total	562.75	379.38



Notes to the financial statements for the year ended March 31, 2024

Ageing for capital work-in-progress as at March 31, 2024 is as follows:

₹ In lakhs

Amount in capital work-in-progress for a period of					
Capital Work in progress	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	184.26	262.37	107.71	8.40	562.75
Total	184.26	262.37	107.71	8.40	562.75

Ageing for capital work-in-progress as at March 31, 2023 is as follows

₹ In lakhs

Amount in capital work-in-progress for a period of					
Capital Work in progress	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Project in progress	263.27	107.71	8.40	-	379.38
TOTAL	263.27	107.71	8.40	0.00	379.38

Note No. 3 - Investment Property

₹ In lakhs

Description of Assets	Land	Building	Total
I. Gross Block			
Balance as at 1 April, 2023	5.17	3.00	8.17
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2024	5.17	3.00	8.17
II. Accumulated depreciation and impairment for the year 2023-24			
Balance as at 1 April, 2023	-	0.96	0.96
Depreciation expense for the year	-	0.12	0.12
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2024	-	1.08	1.08
Net block (I-II)			
Balance as at 31 March, 2024	5.17	1.92	7.09
Balance as on 31st March 2023	5.17	2.04	7.21

₹ In lakhs

Description of Assets	Land	Building	Total
I. Gross Block			
Balance as at 1 April, 2022	5.17	3.00	8.17
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2023	5.17	3.00	8.17
II. Accumulated depreciation and impairment for the year 2022-23			
Balance as at 1 April, 2022	-	0.84	0.84
Depreciation expense for the year	-	0.12	0.12
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2023	-	0.96	0.96
Net block (I-II)			
Balance as on 31st March 2023	5.17	2.04	7.21
Balance as on 31st March 2022	5.17	2.16	7.33



Notes to the financial statements for the year ended March 31, 2024

Notes:

- Assets pledged as security:- Nil (Previous year -Nil).
- There were no Income earned or expenditure incurred on the above Investment Property other than land revenue of ₹ 0.10 Lakh (Pre. Year Nil). The fair value of the Property as per Valuation report dated 04-04-2019 issued by Mr. Feroz N Raaj, Government Approved Valuer is ₹ 22.11 lakhs.

Note No. 4 - Other Intangible Assets

₹ In lakhs

Description of Assets	Right of Way	Software	Total
Intangible Assets			
I. Cost or deemed cost			
Balance as at 1 April, 2023	757.13	195.09	952.23
Additions	-	23.23	23.23
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2024	757.13	218.32	975.46
II. Accumulated depreciation and impairment for the year 2023-24			
Balance as at 1 April, 2023	-	75.67	75.67
Amortisation expense for the year	-	33.47	33.47
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2024	-	109.14	109.14
Net block (I-II)			
Balance as on 31st March, 2024	757.13	109.19	866.32
Balance as on 31st March 2023	757.13	119.43	876.56

₹ In lakhs

Description of Assets	Right of Way	Software	Total
Intangible Assets			
I. Cost or deemed cost			
Balance as at 1 April, 2022	755.51	192.27	947.79
Additions	1.62	2.82	4.44
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2023	757.13	195.09	952.23
II. Accumulated depreciation and impairment for the year 2022-23			
Balance as at 1 April, 2022	-	45.15	45.15
Amortisation expense for the year	-	30.52	30.52
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2023	-	75.67	75.67
Net block (I-II)			
Balance as on 31st March 2023	757.13	119.43	876.56
Balance as on 31st March 2022	755.51	147.13	902.64

Notes:

- The Company holds a Right of Way for laying Pipeline between Mangalore and Bangalore via Hassan. The cost of acquiring the right has been capitalised as Intangible Assets. The right is an indefinite (perpetual) right with no stipulation over the period of validity. Hence the same is not amortised.



Notes to the financial statements for the year ended March 31, 2024

Note 5 - Other Financial Assets

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Non-Current		
Unsecured, considered good		
Security Deposits	207.52	252.33
Bank deposits with more than 12 months maturity	-	-
Loans having significant increase in credit risk/ credit impaired	-	-
Total	207.52	252.33
Current		
Unsecured, considered good		
Security Deposits	25.22	1.57
Interest accrued On Deposits	2,107.41	1,635.91
Loans having significant increase in credit risk/ credit impaired	-	-
Total	2,132.63	1,637.48

Note 6 - Income Taxes

Income tax expense in the statement of profit and loss comprises:

₹ In lakhs

Particulars	Year ended	
	March 31,2024	March 31,2023
Current tax for the year	3,310.15	2,870.65
Current tax for Prior years	-	(31.07)
Deferred taxes/ Liability	12.41	40.45
Income tax expense	3,322.56	2,880.03

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Income tax expense in the statement of profit and loss comprises:

₹ In lakhs

Particulars	Year ended	
	March 31,2024	March 31,2023
Profit before income taxes	12,948.13	11,351.72
Enacted tax rates in India	25.17%	25.17%
Computed expected tax expense	3,258.78	2,857.00
Effect of non-deductible expenses	43.5	54.12
Effect of timing differences	7.87	(40.47)
Income tax expense	3,310.15	2,870.65

The applicable Income tax rate for financial year 2023-24 & 2022-23 is 25.168% as available U/s 115BAA - Tax on income of Certain Domestic companies as notified as per taxation Laws (Amendment) Act 2019.



Notes to the financial statements for the year ended March 31, 2024

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2024, and March 31, 2023

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Income tax assets	-	16.78
Current Tax Liabilities (Net)	(103.24)	-
Net current income tax assets/ (liability) at the end	(103.24)	16.78

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2024 and March 31, 2023 is as follows:

₹ In lakhs

Particulars	Year ended	
	March 31,2024	March 31,2023
Net current income tax asset/ (liability) at the beginning	16.78	37.76
Income tax paid	3,205.90	3,018.31
Income tax refund received	(15.77)	(199.71)
Current income tax expense	(3,310.15)	(2,870.65)
Current income tax for Prior years	-	31.07
Net current income tax asset/ (liability) at the end	(103.24)	16.78

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Deferred income tax assets		
Gratuity payable to employees	42.73	36.78
Compensated absences	63.15	52.11
Deferred tax on account of leased assets	56.81	53.87
Others	-	-
Total deferred income tax assets	162.69	142.76
Deferred income tax liabilities		
Depreciation impact on PPE, Inv. Property and intangible assets	(1,690.71)	(1,674.36)
Others	-	-
Total deferred income tax liabilities	(1,690.71)	(1,674.36)
Deferred income tax assets after set off	(1,528.01)	(1,531.59)

Deferred tax assets and deferred tax liabilities have been offset as the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences.



Notes to the financial statements for the year ended March 31, 2024

The gross movement in the deferred income tax account for the year ended March 31, 2024 and March 31, 2023, are as follows:

₹ In lakhs

Particulars	Year ended	
	March 31,2024	March 31,2023
Net deferred income tax asset at the beginning	(1,531.59)	(1,491.63)
Credits / (charge) relating to temporary differences	(12.41)	(40.45)
Temporary differences on other comprehensive income	15.99	0.49
Net deferred income tax asset (liability) at the end	(1,528.01)	(1,531.59)

Note 7 - Other Non Current Assets

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Unsecured, considered good		
Capital advances		
Against Land	5.00	3.10
Advances other than Capital advances		
Prepaid Expenses	56.05	59.72
Others		
Court Deposit	1,447.03	1,447.03
Loans Receivables which have significant increase in credit risk /Credit impaired	-	-
Total	1,508.08	1,509.85

Notes: Upon Payment of Allotment Consideration /additional Compensaton the Company has been given possession of land at three different locations. The Company is yet to enter into lease cum sale Agreement with KIADB for these lands. Hence the amount is not yet capitalised as freehold land.

Note 7.1 - Non Current Tax Assets

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Non Current Tax Assets (Net)	-	16.78
Total	-	16.78

Note 7.2 -Current tax liabilities (Net)

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Income Tax liabilities (Net)	103.24	-
Total	103.24	-

Note 8 - Inventories

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
(At lower of cost and net realisable value)		
Stores and spares at site	265.84	250.44
Total	265.84	250.44

Note 9 - Trade Receivables

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Trade receivables, unsecured, considered good	1,860.59	1,740.73
Trade receivables, Which have significant increase in credit Risk	-	-
Trade receivables, -Credit Impaired	-	-
(A)	1,860.59	1,740.73
Less: Allowances for credit losses	-	-
(B)	-	-
Total (A-B)	1,860.59	1,740.73



Notes to the financial statements for the year ended March 31, 2024

Ageing for trade receivables - billed – current outstanding as at March 31, 2024 is as follows:

₹ In lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Lees Than 6 Months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	1,834.68	-	25.91	-	-	1,860.59
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	1,834.68	-	25.91	-	-	1,860.59

Ageing for trade receivables - billed – current outstanding as at March 31, 2023 is as follows:

₹ In lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Lees Than 6 Months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	1,627.38	37.51	6.61	19.74	49.48	1,740.73
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	1,627.38	37.51	6.61	19.74	49.48	1,740.73



Notes to the financial statements for the year ended March 31, 2024

Note 10- Cash and cash equivalents

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Cash on hand	0.03	0.09
Balances with banks: In current accounts	241.71	111.70
Total	241.74	111.79

Note 11 - Bank Balance other than above

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Balances with banks: Bank Deposits for original maturity more than 3 months upto 12 months *Balance held as security against performance and other guarantee	43,489.88 666.65	42,822.98 639.00
Total	44,156.53	43,461.98

Notes:

The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal.

*Fixed deposit held as security against performance guarantee issued by ICICI Bank Limited to PNGRB vide PBG No 33110IGL0000420 for Rs 639.00 lakhs & PTC India Limited vide PBG No 0002NDDG00030624 for Rs 27.64 lakhs.

Note 12 - Other Current Assets

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Unsecured, considered good Advances other than Capital advances Prepaid Expenses Advance for Expenses Advance to Employees & Others Loans Receivables which have significant increase in credit risk/Credit impaired	89.88 0.87 38.58 -	85.68 0.90 0.87 -
Total	129.33	87.45

Note 13 - Assets classified as held for sale

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Project Surplus held for sale	333.27	333.27
	333.27	333.27
Liabilities associated with assets held for sale	-	-
	-	-

The Company intends to dispose of surplus materials used for the pipeline laying project, it no longer utilizes in the next 12 months. These materials are located at various plants and were purchased for use during construction of pipeline. Efforts are underway to dispose of the project surplus materials to Oil Companies. The Management of the Company expects that, the fair value (less cost to sell) is higher than the carrying amount.



Notes to the financial statements for the year ended March 31, 2024

Note 14 - Equity Share capital

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Authorised 60,00,00,000 (P.Y.- 60,00,00,000) equity shares of ₹ 10 each with voting rights	60,000.00	60,000.00
Total	60,000.00	60,000.00
Issued, subscribed and fully paid up 54,87,07,264 (P.Y.-54,87,07,264) equity shares of ₹ 10 each with voting rights	54,870.73	54,870.73
Total	54,870.73	54,870.73

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Equity shares with voting rights

Opening Balance	Opening	Fresh Issue	Other Changes	Closing Balance
Year Ended March 31, 2024				
No. of Shares	54,87,07,264	-	-	54,87,07,264
Amount (Rs. In lakhs)	54,870.73	-	-	54,870.73
Year Ended March 31, 2023				
No. of Shares	54,87,07,264	-	-	54,87,07,264
Amount (Rs. In lakhs)	54,870.73	-	-	54,870.73

(ii) Detail of the rights, preferences and restrictions attaching to each class of shares :

With respect to equity shares, company has only one class of equity share, having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	No. of Shares	
	As at 31 March, 2024	As at 31 March, 2023
Equity shares with voting rights:		
Hindustan Petroleum Corporation Ltd	27,43,53,632	27,43,33,672
% of holding	50.000%	49.996%
Oil & Natural Gas Corporation Ltd	27,43,53,632	27,43,33,672
% of holding	50.000%	49.996%

Note:- The entire equity shares of 39,920 equity shares held by ILFS Financial Services Ltd has been acquired by ONGC and HPCL equally on 20th July 2023.

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date

Particulars	Aggregate Number of Shares	
	As at March 31, 2024	As at March 31, 2023
Equity shares with voting rights:		
Fully paid up pursuant to contract(s) without payment being received Cash	Nil	Nil
Total	-	-



Notes to the financial statements for the year ended March 31, 2024

(V) Disclosure of shareholding of promoters as at March 31, 2024 are as follows

Promoter Name	Shares held by promoters				% Change during the year
	As at March 31, 2024		As at March 31, 2023		
	No. of shares	% of total Shares	No. of shares	% of total Shares	
Oil & Natural Gas Corporation Ltd	274353632	50.000%	274333672	49.996%	0.00004
Hindustan Petroleum Corporation Ltd	274353632	50.000%	274333672	49.996%	0.00004

Note:- The entire equity shares of 39,920 equity shares held by ILFS Financial Services Ltd has been acquired by ONGC and HPCL equally on 20th July 2023.

Disclosure of shareholding of promoters as at March 31, 2023 are as follows

Promoter Name	Shares held by promoters				% Change during the year
	As at March 31, 2023		As at March 31, 2022		
	No. of shares	% of total Shares	No. of shares	% of total Shares	
Oil & Natural Gas Corporation Ltd	274333672	49.996%	274333672	49.996%	-
Hindustan Petroleum Corporation Ltd	274333672	49.996%	274333672	49.996%	-

Note 14.1 - Other equity

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Retained earnings	4,093.03	3,486.37
Total	4,093.03	3,486.37

14.1.1 - Retained earnings

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Balance at beginning of the year	3,486.37	3,082.13
Profit for the year	9,625.57	8,471.69
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(47.54)	(1.45)
Payments of dividends	(8,971.36)	(8,066.00)
Balance at the end of the year	4,093.03	3,486.37

Note 15 - Trade payables

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Non-Current		
Trade payable for goods & services		
(a) Dues of micro enterprises and small enterprises	-	-
(b) Dues of creditors other than micro and small enterprises	-	-
Total	-	-
Current		
Trade payable for goods & services		
(a) Dues of micro enterprises and small enterprises	91.72	41.23
(b) Dues of creditors other than micro and small enterprises	351.96	388.61
Total	443.68	429.84



Notes to the financial statements for the year ended March 31, 2024

Ageing for trade payables outstanding as at March 31, 2024 is as follows:

₹ In lakhs

Trade Payable	Outstanding for following periods from due date of payment					Total
	Not Due	Lees Than - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(I) MSME	-	91.72	-	-	-	91.72
(ii) Others	-	104.11	26.71	-	11.98	142.80
(iii) Disputed Dues-MSME	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-
Total	-	195.83	26.71	-	11.98	234.52
Accrued Expenses						209.16
Total Trade payable						443.68

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

₹ In lakhs

Trade Payable	Outstanding for following periods from due date of payment					Total
	Not Due	Lees Than - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(I) MSME	-	41.23	-	-	-	41.23
(ii) Others	-	215.38	-	0.36	12.06	227.80
(iii) Disputed Dues-MSME	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-
Total	-	256.61	-	0.36	12.06	269.03
Accrued Expenses						160.81
Total Trade payable						429.84

Note 16 - Other Financial Liabilities

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
Non-Current		
Deposits received from Dealers	0.66	0.66
Retention Money for capital supplies / services	16.75	16.75
Payables for capital supplies/services	640.28	640.28
Total	657.69	657.69
Current		
Deposits received from Dealers	17.08	15.29
Retention Money for capital supplies / services	192.62	176.95
Earnest Money Deposit	27.35	32.25
Dues to Employees & Others	15.84	3.72
Advance from Customers	-	1.06
Payables for capital supplies/services	188.83	93.31
Total	441.72	322.58



Notes to the financial statements for the year ended March 31, 2024

Note 16.1 - Lease liabilities

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Non-Current		
Lease liabilities	736.77	810.59
Total	736.77	810.59
Current		
Lease liabilities	73.82	119.54
Total	73.82	119.54

Note 17 - Provisions

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Non-Current		
Provision for employee benefits		
Provision for compensated absences	243.75	174.46
Provision for gratuity	161.55	140.57
Total	405.30	315.03
Current		
Provision for employee benefits		
Provision for compensated absences	7.14	32.61
Provision for gratuity	8.23	5.58
Provision for Performance Incentives	135.27	72.30
Total	150.64	110.49

Details of movement in provisions:

₹ In lakhs

Particulars	Gratuity Provision	Compensated absences	Performance Incentives
Balance at April 1, 2022	126.01	178.25	68.55
Additional provisions recognised	21.24	45.60	72.30
Amounts used (ie incurred and charged against the provision) during the period	(1.11)	(16.79)	(66.52)
Unused amounts reversed during the period	-	-	(2.02)
Balance at March 31, 2023	146.14	207.06	72.31
Balance at April 1, 2023	146.14	207.06	72.31
Additional provisions recognised	24.98	74.88	135.27
Amounts used (ie incurred and charged against the provision) during the period	(1.34)	(31.07)	(72.30)
Unused amounts reversed during the period	-	-	-
Balance at March 31, 2024	169.78	250.87	135.28

Note 18 - Other Current Liabilities

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Statutory dues		
Taxes payable (other than income taxes)	823.26	792.42
Total	823.26	792.42



Notes to the financial statements for the year ended March 31, 2024

Note 19 - Revenue from operations

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Sale of Services		
Freight Charges for Transportation of Petroleum Products	14,751.78	13,988.86
Dispatch charges	196.07	188.78
Other Operating Income	7.31	11.50
Total	14,955.16	14,189.14

Notes:

- i) The Freight Income is recognized based on the pipeline transportation tariff fixed by Petroleum & Natural Gas Regulatory Board (PNGRB).
 - (a) PNGRB vide Order No. TO/2021-22/02 dated 31.12.2021 fixed the pipeline tariff by benchmarking against alternate mode of transport i.e. rail at a level of 75% railway tariff on a train load basis for equivalent rail distance along the pipeline route valid up to 30 Sep 2023. Freight income for the period 01.04.2023 to 30.09.2023 was recognized based on Order No. TO/2021-22/02 dated 31.12.2021.
 - (b) PNGRB vide Order No. TO/2023-24/08 dated 27.12.2023 fixed the pipeline tariff by benchmarking against alternate mode of transport i.e. rail at a level of 75% railway tariff on a train load basis for equivalent rail distance along the pipeline route valid up to 31 March 2024. Freight income for the period 01.10.2023 to 31.03.2024 is recognized based on Order No. TO/2023-24/08 dated 27.12.2023. However, there is no changes in tariff rate as per revised order.
- ii) Earning in Foreign Currency ₹ Nil (Previous Year ₹ Nil)

Note 20 - Other income

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Interest Income		
On Financial Assets at Amortised Cost	3,494.10	2,600.37
Insurance Claim	3.64	-
Other Miscellaneous Incomes	115.11	38.15
Total	3,612.85	2,638.52
Interest income comprises of:		
Interest on Term Deposit	3,485.61	2,591.33
Interest on Security Deposit	8.49	9.04
Total - Interest income	3,494.10	2,600.37

Note 21 - Employee benefit expense

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Salaries including Bonus etc.	861.40	747.64
Salaries including Bonus etc. for HPCL Staff on Deputation *	151.58	149.15
Contributions to provident fund	54.16	37.48
Gratuity	(37.75)	19.30
Staff welfare expense	3.64	3.87
Total	1,033.03	957.44

- i) The Board of Directors on 24.07.2023 approved restructuring of compensation structure of PMHBL Employee w.e.f 01.01.2018 as per DPE OM W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03/08/2017.
- ii) As per the above approval of Board ,Commencement of salary disbursement under DPE Pattern shall be from 01.01.2023 and accordingly salary disbursed as per DEP Pattern & the impact has been considered in accounts.
- iii) The Board on 24.07.2023 also approved payment of PRP from F.Y. 2022-23 onwards as per the DPE Pattern , accordingly, Provision for PRP made for the F.Y. 2023 -24.
- vi) Salary of HPCL Staff on deputation represents amounts debited by HPCL. The above amount is reduced by 5 % of CSR expense towards CSR admin overhead of ₹ 7.46 lakhs (P.Y : ₹ 9.68 lakhs)



Notes to the financial statements for the year ended March 31, 2024

Note 22 - Finance costs

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Interest on Income Tax	15.27	11.71
Finance Charges on Lease	83.71	92.84
Total	98.98	104.55

Note 23 - Other expenses

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Power & Fuel	1,877.42	1,798.17
Repair & Maintenance on Plant and Machinery	115.77	63.63
Repair & Maintenance on Buildings	44.86	8.70
Repair & Maintenance - Electricals, ROW & Others	168.21	181.91
Operations and maintenance - Contract Manpower	143.29	130.93
Stores & Spares Consumed	105.46	58.69
Insurance Premium	145.72	170.05
Painting of Station Pipings And equipment's	0.46	4.97
Watch and Wards	340.33	356.32
Lease Rent	3.76	3.28
Compensation to CA(LAO) Staff	6.52	4.33
Communication Expense	32.13	28.95
Net Loss on disposal of Fixed Assets	0.83	-
CIPL CAT & DCVG Survey	-	0.76
Printing & Stationery	6.04	5.46
Professional and Consultancy Charges (Refer Note 23A below)	18.83	16.10
Rates and Taxes	27.07	38.04
Training, Recruitment, Seminar and Mock Drill Expenses	13.75	14.75
Travelling and Conveyance	51.62	52.53
Vehicle Hire Charges	100.20	91.48
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	156.73	203.33
Advertisement for Public Tender	9.02	9.21
Bad Debts Written	-	95.53
Other Expenses	44.78	37.15
Total	3,412.80	3,374.27

Note 23A - Legal and professional charges include payment to auditors

₹ In lakhs

(excluding GST)		
As auditors		
Statutory audit	2.50	2.50
For Taxation matters	0.75	0.70
For Company Law matters	-	-
For other services	1.35	1.38
Total	4.60	4.58



Notes to the financial statements for the year ended March 31, 2024

Note 24 - Employee Benefits

a. Defined Benefit Plan - Gratuity

Gratuity is payable for 15 days salary for each completed year of service. Vesting period is 5 years and the payment is restricted to ₹ 20 Lakhs on superannuation, resignation, termination, disablement or on death

The following tables set out the gratuity plans (unfunded) and the amounts recognized in the Company's financial statements as at March 31, 2024 and March 31, 2023:

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Change in benefit obligations		
Benefit obligations at the beginning	146.15	126.02
Service cost	11.02	10.34
Interest expense	10.75	8.96
Curtailment gain	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	63.53	1.94
Past Service cost*	(60.33)	-
Benefits paid	(1.34)	(1.11)
Benefit obligations at the end	169.78	146.15

*Past Service Cost of INR 60,33,207 is on account of Change in the benefit Ceiling limit from no limit to ₹20 Lakhs.

Change in plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Transfer of assets	-	-
Remeasurements- Return on plan assets excluding amounts included in interest income	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2024 and March 31, 2023 recognized in the Statement of Profit and Loss under employee benefit expenses.

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Service cost	11.02	10.34
Net interest on the defined benefit obligation	10.75	8.96
Net gratuity cost	21.77	19.30

Amount for the year ended March 31, 2024 and March 31, 2023 recognized in statement of other comprehensive income:

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses		
(Gain)/loss due to change in demographic assumptions	-	-
(Gain)/loss due to change in financial assumptions	(54.40)	(4.05)
(Gain)/loss due to experience adjustments	117.94	5.98
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	-	-
	63.54	1.94



Notes to the financial statements for the year ended March 31, 2024

The weighted-average assumptions used to determine benefit obligations as at March 31, 2024 and March 31, 2023 are set out below:

Particulars	As at	
	March 31, 2024	March 31, 2023
Discount rate	7.25%	7.50%
Salary escalation rate	5.00%	5.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

b. Long-term employee benefits -Earned and Sick Leave Encashment

The following tables set out the leave plans and the amounts recognized in the Company's financial statements as at March 31, 2024 and March 31, 2023 :

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Change in benefit obligations		
Benefit obligations at the beginning	207.06	178.25
Service cost	19.12	17.35
Interest expense	14.31	12.09
Curtailment gain	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	41.46	16.16
Benefits paid	(31.05)	(16.79)
Benefit obligations at the end	250.90	207.06
Change in plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Transfer of assets	-	-
Remeasurements- Return on plan assets excluding amounts included in interest income	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2024 and March 31, 2023 recognized in the Statement of Profit and Loss under employee benefit expenses.

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Service cost	19.12	17.35
Net interest on the defined benefit obligation	14.31	12.09
Actuarial (gains) / losses		
(Gain)/loss due to changes in demographic assumptions	0.00	0.00
(Gain)/loss due to changes in financial assumptions	6.82	(5.10)
(Gain)/loss from Plan experience	34.64	21.27
Curtailment gain	-	-
Net leave encashment cost	74.89	45.61

The weighted-average assumptions used to determine benefit obligations as at March 31, 2024 and March 31, 2023 are set out below:

Particulars	As at	
	March 31, 2024	March 31, 2023
Discount rate	7.25%	7.50%
Salary escalation rate	5.00%	5.00%



Notes to the financial statements for the year ended March 31, 2024

c. Defined Contribution Plans-Provident Fund & NPS

The Company makes contribution to Provident Fund which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised during year ending March 31, 2024 ₹ 54.16 lakhs (Year ended 31 March, 2023 ₹ 37.48 lakhs) for Provident Fund contributions in the Statement of Profit and Loss under the head Employee Benefits Expense. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company had introduced NPS for its employees w.e.f 01 January 2023 within the overall limit of Retirement Benefit Scheme. The obligation of the Company is to contribute to NPS to the extent of amount not exceeding 30% of basic pay and dearness allowance as reduced by the employer's contribution towards provident fund and gratuity. The company made contribution during the year ending March 31, 2024, for ₹ 59.72 lakhs for National Pension Scheme (NPS) and during the year ending March 31, 2023 ₹ 28.11 lakhs under Optional NPS Scheme

Note 25 - Financials Instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2024 were as follows:

₹ In lakhs

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 10)	241.74	-	-	-	-	241.74	241.74
Bank Balances other than Cash and cash equivalents (Refer Note 11)	44,156.53	-	-	-	-	44,156.53	44,156.53
Trade receivables (Refer Note 9)	1,860.59	-	-	-	-	1,860.59	1,860.59
Other financial assets (Refer Note 5)	2,340.16	-	-	-	-	2,340.16	2,340.16
Total	48,599.02	-	-	-	-	48,599.02	48,599.02
Liabilities:							
Trade payables (Refer Note 15)	443.68	-	-	-	-	443.68	443.68
Lease liabilities (Refer Note 16.1)	810.59	-	-	-	-	810.59	810.59
Other financial liabilities (Refer Note 16)	1,099.41	-	-	-	-	1,099.41	1,099.41
Total	2,353.68	-	-	-	-	2,353.68	2,353.68

The carrying value and fair value of financial instruments by categories as of March 31, 2023 were as follows:

₹ In lakhs

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 10)	111.79	-	-	-	-	111.79	111.79
Bank Balances other than Cash and cash equivalents (Refer Note 11)	43,461.98	-	-	-	-	43,461.98	43,461.98
Trade receivables (Refer Note 9)	1,740.73	-	-	-	-	1,740.73	1,740.73
Other financial assets (Refer Note 5)	1,889.81	-	-	-	-	1,889.81	1,889.81
Total	47,204.31	-	-	-	-	47,204.31	47,204.31
Liabilities:							
Trade payables (Refer Note 15)	429.84	-	-	-	-	429.84	429.84
Lease liabilities (Refer Note 16.1)	930.13	-	-	-	-	930.13	930.13
Other financial liabilities (Refer Note 16)	980.27	-	-	-	-	980.27	980.27
Total	2,340.24	-	-	-	-	2,340.24	2,340.24



Notes to the financial statements for the year ended March 31, 2024

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market risk

The Company has a small amount of international exposure on account of availing services. The exchange rate between rupee and dollar has changed in recent years and may fluctuate in future. However, the impact of this on the Company may not be significant.

The following table analyses foreign currency risk from financial instruments as on March 31, 2024 and March 31, 2023

Particulars	As at March 31, 2024			As at March 31, 2023		
	U.S. dollars	Euro	Total	U.S. dollars	Euro	Total
Cash and cash equivalents	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Net assets / (liabilities)	-	-	-	-	-	-

Credit risk

"Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ Nil and ₹ Nil as of March 31, 2024 and March 31, 2023, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss.

Based on the past experience, the Company has negligible level of bad debts, as the receivables are mainly from 4 CPSE Customers with whom the Company has a long-term relationship. In practice, expected credit losses are so immaterial that no calculations or loss reserves are required at all. The Company has however, provided for expected credit loss based on lifetime credit loss in respect of old doubtful/disputed receivables."

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Note 26 - Earning Per Share

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Basic Earnings per share	₹ Per Share	₹ Per Share
From continuing operations	1.75	1.54
From discontinuing operations	-	-
Total basic earnings per share	1.75	1.54
Diluted Earnings per share		
From continuing operations	1.75	1.54
From discontinuing operations	-	-
Total Diluted earnings per share	1.75	1.54



Notes to the financial statements for the year ended March 31, 2024

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Profit / (loss) for the year attributable to owners of the Company	9,578.03	8,470.24
Less: Preference dividend and tax thereon	-	-
Profit / (loss) for the year used in the calculation of basic earnings per share	9,578.03	8,470.24
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Profits used in the calculation of basic earnings per share from continuing operations	9,578.03	8,470.24
Weighted average number of equity shares	54,87,07,264	54,87,07,264
Earnings per share from continuing operations - Basic (Rs.)	1.75	1.54

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods, if any.

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Profit / (loss) for the year used in the calculation of basic earnings per share	9578.03	8470.24
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	-	-
Profit / (loss) for the year used in the calculation of diluted earnings per share	9578.03	8470.24
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	-	-
Profits used in the calculation of diluted earnings per share from continuing operations	9578.03	8470.24
Weighted average number of equity shares	54,87,07,264	54,87,07,264
Earnings per share from continuing operations - Diluted (Rs.)	1.75	1.54

The Company does not have any Instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, hence the Weighted average number of equity shares used in the calculation of Diluted EPS is same as that of Basic EPS.



Notes to the financial statements for the year ended March 31, 2024

Note 27 - Related party disclosures

Nature of relationship	Names of the related parties
Key management personnel (KMP)	Shri. Pankaj Kumar - Chairman Shri. Mukundan V. M. -Managing Director Smt. Pomila Jaspal-Director (resigned effective 1st Feb 2024) Shri. Subodh Batra - Director Shri. Anuj Kumar Jain- Director Shri. Debdulal Adhikari - Director (resigned effective 1st Feb 2024) Shri. M. Shyamprasad Kamath -Director Shri. Ramesh Ramasamy - Director Shri. Chandan Kumar Das - CFO(KMP) Shri.Sachin Jayaswal - Compan Secretary(KMP)
Ultimate Holding Company	Oil and Natural Gas Corporation Limited
Fellow Subsidiary	Mangalore Refinery & Petrochemicals Limited
Investing Party	Hindustan Petroleum Corporation Limited

₹ In lakhs

Transaction between Related Parties	Year ended	
	March 31, 2024	March 31, 2023
Income		
Hindustan Petroleum Corporation Limited		
Freight Charges	8,714.99	7,950.34
Cost Sharing of 66KV EHT Line at Hassan	98.30	-
Office Administravtive Service Cost Received	-	10.02
Mangalore Refinery & Petrochemicals Ltd		
Freight Charges Received	452.56	308.63
Dispatch Charges Received	219.60	115.90
Rent for Lease of Pipeline Received	2.36	2.36
Power Charges-Received	6.85	7.89
PLC Modification and Integration Charges	31.33	1.98
Expense		
Hindustan Petroleum Corporation Limited		
Land Lease Rent - Paid	158.96	151.83
Server Hosting Rent -Paid	3.50	10.50
Deputation Salary & Allowances- Paid	187.37	187.42
Purchase of Lube oil	-	43.06
Reimbursement of Property Tax	-	25.21
Training Fee Paid	1.23	-
Reimbursement of Drain Repair Cost	16.59	-
Lab Testing Charges Paid	6.05	-



Notes to the financial statements for the year ended March 31, 2024

₹ In lakhs

Transaction between Related Parties	Year ended	
	March 31, 2024	March 31, 2023
Mangalore Refinery & Petrochemicals Ltd		
Power Charges Paid	399.33	362.83
Reimbursement of Expense Paid - Motor Repair	-	0.16
*Remuneration paid to KMP (On Deputation)		
Mukundan V M	81.57	75.81
Remuneration paid to KMP (others)		
Chandan Kumar Das	32.97	32.19
Sachin Jayaswal	31.91	34.17

All the above supply & services are including GST

*- Remuneration to Managing Director represents amounts debited by HPCL for its Executive on deputation to the company and the entitlement released by PMHBL as per HPCL rules

₹ In lakhs

Balances outstanding at the end of the year	As at	
	March 31, 2024	March 31, 2023
Trade Receivable		
Hindustan Petroleum Corporation Limited	1,273.80	843.27
Mangalore Refinery & Petrochemicals Limited	95.94	139.06
Trade Payables		
Hindustan Petroleum Corporation Limited	57.85	91.19
Mangalore Refinery & Petrochemicals Limited	-	-
Other Financial Assets (Security Deposits)		
Hindustan Petroleum Corporation Limited	-	1.57
Other Financial Liabilities (Retention Money)		
Hindustan Petroleum Corporation Limited	1.29	1.29

Note 28 - Leases

The Company's Lease asset classes primarily consist of leases for Land and Building . The Company assesses whether a Contract contains a lease, at inception of a Contract. A contract is or contains , a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration . To assess whether a contract conveys the right to control the use of an identified asset , the Company assesses whether: (i)the contract involves the use of an identified asset , (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less(short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentive. They are subsequently measured at cost less accumulated Depreciation and impairment loss



Notes to the financial statements for the year ended March 31, 2024

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term of the underlying assets

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024 :

₹ In lakhs

Particulars	Category of ROU		
	Land	Building	Total
Balance as at April 1, 2023	664.15	51.92	716.07
Assets Recognised on account of adoption of Ind AS 116	-	-	-
Additions	-	-	-
Decrease due to remeasurement of lease liabilities	-	-	-
Depreciation	83.22	47.97	131.19
Balance as at March 31, 2024	580.93	3.95	584.88

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023:

₹ In lakhs

Particulars	Category of ROU		
	Land	Building	Total
Balance as at April 1, 2022	747.37	99.89	847.26
Assets Recognised on account of adoption of Ind AS 116	-	-	-
Additions	-	-	-
Decrease due to remeasurement of lease liabilities	-	-	-
Depreciation	83.22	47.97	131.19
Balance as at March 31, 2023	664.15	51.92	716.07

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liability as at March 31, 2024 and March 31, 2023

₹ In lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Non-current lease liabilities	736.77	810.59
Current lease liabilities	73.82	119.54
Total	810.59	930.13

The following is the movement in lease liabilities during the year ended March 31, 2024 and March 31 2023 :

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning	930.13	1,031.50
Additions	-	-
Decrease due to remeasurement of lease liabilities	-	-
Finance cost accrued during the period	83.71	92.84
Payment of lease liabilities	(203.25)	(194.21)
Balance at the end	810.59	930.13



Notes to the financial statements for the year ended March 31, 2024

The table below provides details regarding contractual maturities of lease liabilities as at March 31, 2024 and March 31, 2023 on an undiscounted basis:

₹ In lakhs

Particulars	As at	
	March 31,2024	March 31,2023
not later than one year	146.78	203.25
later than one year and not later than five years	633.65	610.94
later than five years	363.24	532.73

The table below provides details regarding amounts recognised in profit and loss.

₹ In lakhs

Particulars	Year ended	
	March 31,2024	March 31,2023
Depreciation expense on right-of-use assets	131.19	131.19
Interest expense on lease liabilities	83.71	92.84
Expense relating to short-term leases	3.76	3.28

The total cash outflow for leases for the year ended March 31, 2024 and March 31, 2023 amount to ₹ 203.25 Lakhs & ₹194.21 Lakhs.

Notes:

- The lease rentals in respect of the lands situated at Mangalore, Hasaan and Devengonhi are being paid based on the Minutes of Meeting with HPCL dated 17-03-2003. The lease agreements are yet to be formalised.
- The lease rentals in respect of head office premises does not includes Fixed maintenance and Power backup charges for the purpose of payment of lease rent as being non lease component

Note 29 - Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities

I. Claims against the company not acknowledged as debt-with respect to: -

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
i) Petronet MHB Limited (PMHBL) v/s. Punj Lloyd Ltd (PLL) - Appeal Case lying with the High Court of Karnataka, Bangalore against the order of City Civil Court Bangalore and interim stay has been granted - The Company has deposited ₹ 1,400 lakhs as court deposit. M/s. PLL submitted an application under Vivad se Vishwas Scheme II (Contractual disputes) on 12th Oct 2023 for their claim settlement. The matter is under discussion with Company Advocate and HPCL Legal Department for finalization of Conditional Offer to be submitted to M/s. PLL for settlement of all pending Cases with M/s. PLL.	3,699.20	3,554.30
ii) Petronet MHB Limited (PMHBL) v/s. Punj Lloyd Ltd (PLL) - (Arbitration Case) – M/s. PLL filed Arbitration case against PMHBL in mainline pipe laying contract.	2,566.22	2,566.22
iii) 127 Writ Petition cases filed by PMHBL at Hon'ble High Court of Karnataka, Bangalore against the order of Hon'ble District judge of Bangalore Rural District for compensation enhancement cases filed by ROU land owners. The Company has deposited ₹ 26.00 lakhs as court deposit.	52.00	52.00
iv) 01Writ Petition case filed by PMHBL at Hon'ble High Court of Karnataka, Bangalore against the order of Hon'ble District judge of Chickmagalur District for damages outside the ROU. The Company has deposited ₹ 21.03 lakhs as court deposit.	21.03	21.03
	6,338.45	6,193.55



Notes to the financial statements for the year ended March 31, 2024

II. Performance bank Guarantee:

- (i) Performance Bank Guarantee of ₹ 639 lakhs has been given by the company in favour of Petroleum & Natural Gas Regulatory Board towards 1% cost of the pipeline project as security deposit for meeting the quality of service obligations and requirement of PNGRB during operating phase. The Bank Guarantee is renewed from time to time and presently valid till 5th May 2026.
- (ii) Performance Bank Guarantee of ₹ 27.64 lakhs has been given by the company in favour of M/s PTC India Limited towards 18 days of contracted energy bill as security deposit for purchase of power from Indian Energy Exchange on behalf of the Company valid till 5th May 2026.
- (iii) Performance Bank Guarantee of ₹ 5.00 lakhs has been given by the company in favour of M/s. Southern Railways, Pallakkad towards grant of way leave facilities for 33KV powerline crossing on behalf of the Company valid till 12th April 2024.

III. Appeal against Order of Income Tax :

Income Tax Case - AY 2016-17 : Appeal filed with CIT (Appeal) against Order of AO passed U/s. 143(3) for disallowing Depreciation on Right of Way (being amount paid to Forest Department for regularisation of Forest Land) of ₹ 60 Lacs and raised demand of ₹ 30.40 lacs. Fresh submission made for completion of faceless Assessment. Order yet to be received from CIT (Appeal).

IV. Arbitration Case:

Arbitration Case with M/s. Pratham Integrated Engineering Solutions Private Limited:

During August 2018 PO amounting to ₹19.28 Cr. was placed on M/s. Pratham Integrated Engineering Solutions Pvt Ltd (PIES), for execution of 3628 KWp Solar power plant at PMHBL Locations. As the work completion is delayed; 3% LD amounting to ₹ 57.86 Lakhs was deducted from their bills. M/s. PIES has claimed refund of LD amount and also demanded ₹ 83.71 Lakhs towards the additional works carried outside the scope of PO as per them. This claim was rejected by PMHBL. M/s. PIES raised the dispute on the above and Arbitration proceedings is in progress on the above claims. The Total Claim is ₹ 141.57 Lakhs. As the Arbitration proceedings in progress, the liability is not ascertainable at present.

V). Capital Commitments

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances if any)	200.71	315.96

Note 30 - Disclosures required for Micro, Small and Medium Enterprises

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	91.72	41.23
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company



Notes to the financial statements for the year ended March 31, 2024

Note 31 - Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting health care and sanitation, promoting education, employment enhancing vocation skills and livelihood enhancement project, promoting Women empowerment, promoting Environmental sustainability & conservation of Natural Resources and Promoting Rural Development.

A CSR committee has been formed by the company as per the Act. The funds were utilized through the year on the activities which are specified in Schedule VII of the Companies Act, 2013. Greater emphasis was given during the year on promoting healthcare and sanitisation.

Breakup of amount spent during the year on CSR Activities as follows :

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
1. Amount required to be spent by the company during the year,	176.87	181.00
2. Amount of expenditure incurred including Carry over from previous year ₹ 22.33 Lakhs	179.06	203.33
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	NA	NA
6. Nature of CSR activities :		
Promoting Health Care & Sanitation	92.96	122.58
Promoting Education, Employment enhancing Vocational Skills and Livelihood enhancement Projects	56.31	71.07
Administration Exp	7.46	9.68
	156.73	203.33

Note 32 - Operating Segments

The Company has only one single reportable segment i.e. Transportation of Petroleum Products of Oil Marketing Companies (OMCs').

₹ In lakhs

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Revenue from External Customers		
Within India	14,947.85	14,177.64
Outside India	-	-
Non Current Assets		
Within India	15,000.43	15,571.41
Outside India	-	-
Information about Major External Customers		
Major External Customer No. 1	7,781.25	7,098.52
Major External Customer No. 2	3,449.07	3,562.56
Major External Customer No. 3	3,117.39	3,052.22



Notes to the financial statements for the year ended March 31, 2024

Note 33-Interim Dividend

Current Year 2023-24:

The Company has declared and paid 1st Interim Dividend to Shareholder during the year 2023-24 @ ₹ 0.635 per equity share totalling ₹ 3484.29 Lakhs out of surplus in Profit and Loss account as on 31.03.2023 and also paid 2nd Interim Dividend to Shareholder during the year 2023-24 @ ₹ 1.00 per equity share totalling ₹ 5487.07 Lakhs out of current year Profits .

Previous Year 2022-23:

The Company has declared and paid 1st Interim Dividend to Shareholder during the year 2022-23 @ ₹ 0.56 per equity share totalling ₹ 3072.76 Lakhs out of surplus in Profit and Loss account as on 31.03.2022 and also paid 2nd Interim Dividend to Shareholder during the year 2022-23 @ ₹ 0.91 per equity share totalling ₹ 4993.23 Lakhs out of current year Profits .

Companies is required to pay /distribute dividend after deducting applicable withholding income taxes

Note 34-Ratios

Ratio	Numerator	Denominator	Current year	Previous Year	Variance
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	23.96	26.64	-10.08%
Return on Equity	Net Profit after Tax- Preference dividend(if any)	Average Shareholder's Equity	16.41%	14.57%	12.64%
Trade receivable turnover Ratio(in times)	Revenue from operation	Average trade receivable	8.31	8.85	-6.16%
Trade Payable turnover Ratio(in times)	Other expenses	Average Trade payable	7.81	8.09	-3.41%
Net Capital turnover Ratio (in times)	Revenue from operation	Average Working Capital (i.e. total current assets less total current liabilities)	0.32	0.32	2.65%
Net profit ratio in %	Net profit after Tax	Revenue from operation	64.36%	59.71%	7.80%
Return on Capital Employed (in %)	Profit before tax and finance cost	Capital employed = Net worth + lease liabilities + deferred tax liabilities	21.28%	18.84%	12.99%

Note 35

Previous year's figures have been regrouped where necessary to conform to those of the current year's classification.

The accompanying notes 1 to 35 form an integral part of the financial statements.

As per our report of even date attached for **A.R. Viswanathan & Co.**
Chartered Accountants
Firm Registration Number: 04765S

V Raghavendra
Partner

Membership Number: 021713

for and on behalf of the Board of Directors of
Petronet MHB Limited

Mukundan V.M.
Managing Director
DIN: 09187238

Chandan Kumar Das
Chief Financial Officer
Place : Bangalore
Date : 23-04-2024

Anuj Kumar Jain
Director
DIN: 09560713

Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30-04-2024
UDIN: 24021713BKEXCZ4950

CSR ACTIVITIES





Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2-Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052.

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